

CITY OF WALTON, KANSAS

Financial Statement

For the Year Ended December 31, 2022

CITY OF WALTON

For the Year Ended December 31, 2022

CONTENTS

		<u>Page</u>
Independent Auditor's Report		1-3
 <b><u>Financial Section</u></b>		
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1	4
Notes to Financial Statement		5-10
 <b><u>Regulatory – Required Supplementary Information</u></b>		
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1	11
Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2	
General Fund		12-13
Special Purpose Funds		14-16
Bond and Interest Fund		17
Capital Project Fund		18
Business Funds		19-22
Schedule of Receipts and Expenditures – Actual – Regulatory Basis	Schedule 3	
Related Municipal Entity		23
Summary of Receipts and Disbursements – Regulatory Basis	Schedule 4	
Agency Funds		24

## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Walton  
Walton, 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 Walton, Kansas (City), and its related municipal entity, as of and for the year ended December 31, 2022, and the related disclosures 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, 2022, 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, 2022, 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 2022 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole.

The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-actual-related municipal entity, and the schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2022 basic financial statement, but 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 2022 basic financial statement. The 2022 information has been 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 accompanying supplementary information is fairly stated in all material respects, in relation to the 2022 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 the City as of and for the year ended December 31, 2021 (not presented

herein), and have issued our report thereon dated May 31, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our 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/accounts-reports/local-government/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and the schedule of regulatory basis receipts and expenditures-actual-related municipal entity for the year ended December 31, 2022 (Schedules 2 and 3 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2022 basic financial statement. Such 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, on the basis of accounting described in Note 1.

*Krudsen, Monroe & Company, LLC*

Certified Public Accountants  
Newton, Kansas  
May 23, 2023

City of Walton, Kansas  
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
Regulatory Basis  
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>General Fund</b>	\$ 7,722	179,836	176,415	11,143	3,591	14,734
<b>Special Purpose Funds</b>						
Library	187	5,625	5,474	338	-	338
Special Street and Highway	64,753	5,961	717	69,997	-	69,997
Equipment Reserve	16,000	-	-	16,000	-	16,000
<b>Bond and Interest Fund</b>	2,988	18,512	16,413	5,087	-	5,087
<b>Capital Project Fund</b>						
Capital Improvement	20,199	12,650	-	32,849	-	32,849
<b>Business Funds</b>						
Water Operating	58,478	117,928	92,324	84,082	7,818	91,900
Gas Operating	26,212	122,195	136,828	11,579	9,210	20,789
Sewer Operating	8,322	32,401	33,641	7,082	-	7,082
Storm Water Operating	14,060	-	4,977	9,083	-	9,083
Gas Depreciation	3,200	-	3,200	-	-	-
Feb 2021 Gas Crisis	132,471	27,873	21,771	138,573	-	138,573
<b>Related Municipal Entity</b>						
Walton Community Library	6,753	9,059	5,579	10,233	-	10,233
<b>Total Reporting Entity</b>						
(Excluding Agency Funds)	\$ 361,345	532,040	497,339	396,046	20,619	416,665

**Composition of Cash**

Cash on hand	\$ 100
Walton State Bank	
Checking	409,035
Related Municipal Entity	10,233
Total Cash	419,368
Less Agency Funds per Schedule 4	2,703
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 416,665</b>

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

City of Walton, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Walton is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Walton (City) and its related municipal entity. The related municipal entity is included because it was established to benefit the City and/or its constituents.

Walton Community Library –The City of Walton Community Library Board operates the City’s public library. The City provides funding for the library through special purpose and general fund appropriations to assist in funding capital expenditures and operating expenses. The governing body of the related municipal entity is appointed by the City council.

Regulatory Basis Fund Types

General 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 – used to account for fees charged to users of the goods and services (i.e., water fund, gas fund, etc.).

Agency Fund – used to report assets held by the City in a purely custodial capacity.

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.

City of Walton, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund, and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20<sup>th</sup>. The City 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 such budget amendments for this year.

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

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 City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the Equipment Reserve Fund, Capital Project Fund, Business Reserve Funds, and Agency Funds.

Spending in funds that 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.

Reimbursements

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



City of Walton, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The City was in violation of K.S.A. 10-130, which requires bond payments to be remitted to the state fiscal agency at least 20 days before the redemption of such bonds and the payment of the interest thereon. One bond payment was received by the Office of the State Treasurer eighteen days prior to the redemption date.

3. DEPOSITS AND INVESTMENTS

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

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require the City’s deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2022.

At December 31, 2022, the City’s carrying amount of deposits, including its related municipal entity, was \$419,268 and the bank balance was \$423,207. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$254,809 was covered by federal depository insurance and the remaining \$168,398 was collateralized with securities held by the pledging financial institution’s agents in the City’s name.

4. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Sewer Operating	Bond and Interest	K.S.A. 12-825d	\$ 18,500
Storm Water Operating	Capital Improvement	K.S.A. 12-1,118	4,977
Gas Depreciation	Capital Improvement	K.S.A. 12-1,118	3,200

City of Walton, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022

5. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2022, 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
<b>General Obligation Bonds</b>									
Series 2016-Refunding	2.5-4.0%	12/01/16	\$ 242,000	10/15/38	\$ 210,000	-	10,000	200,000	6,413
<b>State of Kansas Loan</b>									
City Utility Low-Interest	0.25%	03/22/21	215,000	01/01/31	193,632	-	21,300	172,332	471
<b>Finance Lease</b>									
First Bank	3.50%	12/04/19	43,216	12/04/23	27,737	-	5,040	22,697	960
Total contractual indebtedness					<u>\$ 431,369</u>	<u>-</u>	<u>36,340</u>	<u>395,029</u>	<u>7,844</u>

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

	Year ending December 31								
	2023	2024	2025	2026	2027	2028 -2032	2033 -2037	2038	Total
<b>Principal</b>									
General Obligation Bonds	\$ 10,000	10,000	10,000	10,000	10,000	60,000	75,000	15,000	200,000
State of Kansas Loan	21,354	21,407	21,461	21,514	21,568	65,028	-	-	172,332
Finance Lease	22,697	-	-	-	-	-	-	-	22,697
Total principal	<u>54,051</u>	<u>31,407</u>	<u>31,461</u>	<u>31,514</u>	<u>31,568</u>	<u>125,028</u>	<u>75,000</u>	<u>15,000</u>	<u>395,029</u>
<b>Interest</b>									
General Obligation Bonds	6,113	5,813	5,562	5,312	5,063	20,962	10,275	525	59,625
State of Kansas Loan	417	364	311	257	203	285	-	-	1,837
Finance Lease	935	-	-	-	-	-	-	-	935
Total interest	<u>7,465</u>	<u>6,177</u>	<u>5,873</u>	<u>5,569</u>	<u>5,266</u>	<u>21,247</u>	<u>10,275</u>	<u>525</u>	<u>62,397</u>
<b>Total principal and interest</b>	<u>\$ 61,516</u>	<u>37,584</u>	<u>37,334</u>	<u>37,083</u>	<u>36,834</u>	<u>146,275</u>	<u>85,275</u>	<u>15,525</u>	<u>457,426</u>

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% through December 31, 2022, with a 0% moratorium for the period January 1, 2022 through June 30, 2022.

Compensated Absences

Full-time employees earn paid vacation according to the following schedule:

Years of Continuous Employment	0-3	3-10	10+
Days earned per year	5	10	15
Maximum days of accumulation	15	30	45

City of Walton, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022

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

Upon termination, an employee shall be compensated for all earned but unused vacation at their final rate of pay, subject to the maximum hours of accumulation. Full-time employees earn five days of sick leave per year after their first year of continuous employment. Sick leave does not accumulate, and is not compensated upon termination. Unused vacation and sick time has not been recorded as a liability in the accompanying financial statement.

7. 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 Annual Comprehensive Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period January 1 through June 30, 2022 for the Death and Disability Program) and the statutory contribution rate was 8.89% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were \$5,794 for the year ended December 31, 2022.

Net Pension Liability

At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was \$60,337. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

City of Walton, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2022

8. RELATED PARTIES

The City Treasurer is the spouse of one of the City's Council members.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for its participating members.

The City pays an annual premium to KMIT for workers' compensation coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss. There were no significant reductions in coverage during the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

10. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2022, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through May 23, 2023, which is the date at which the financial statement was available to be issued.

CITY OF WALTON  
REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022

City of Walton, Kansas  
 SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>GENERAL FUND</b>	\$ 174,165	2,250	176,415	176,415	-
<b>SPECIAL PURPOSE FUNDS</b>					
Library	5,500	-	5,500	5,474	(26)
Special Street and Highway	55,990	-	55,990	717	(55,273)
<b>BOND AND INTEREST FUND</b>	16,413	-	16,413	16,413	-
<b>BUSINESS FUNDS</b>					
Water Operating	181,171	-	181,171	92,324	(88,847)
Gas Operating	139,060	-	139,060	136,828	(2,232)
Sewer Operating	36,689	-	36,689	33,641	(3,048)
Storm Water Operating	4,977	-	4,977	4,977	-

City of Walton, Kansas

**General Fund**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>RECEIPTS</b>				
Ad valorem property tax	\$ 66,557	66,083	71,542	(5,459)
Delinquent property tax	5,672	3,145	-	3,145
Vehicle tax	12,846	13,864	11,669	2,195
Local sales tax	47,090	50,147	44,000	6,147
Fines and fees	5,284	4,153	5,000	(847)
Franchise tax	16,077	16,909	16,500	409
Charges for services				
Refuse	14,591	17,026	18,500	(1,474)
Permits	57	1,444	1,000	444
Late fees	1,768	906	-	906
Interest	197	221	200	21
Reimbursements	312	-	-	-
Walton 150 celebration donations	16,372	2,250	-	2,250
Other income	4,062	3,688	500	3,188
Total receipts	190,885	179,836	168,911	10,925
<b>EXPENDITURES, Page 13</b>	183,316	176,415		
Receipts over (under) expenditures	7,569	3,421		
UNENCUMBERED CASH, beginning	153	7,722		
UNENCUMBERED CASH, ending	\$ 7,722	11,143		

## City of Walton, Kansas

**General Fund****SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>EXPENDITURES</b>				
Personnel services	\$ 61,519	52,641	67,665	(15,024)
Contractual	39,219	35,708	25,000	10,708
Commodities	18,605	25,535	30,000	(4,465)
Capital outlay	1,787	9,786	5,000	4,786
Street lights	8,115	7,884	8,000	(116)
Refuse	19,326	19,131	20,000	(869)
Streets	-	-	1,000	(1,000)
Animal control/parks	1,762	1,166	2,000	(834)
Continuing education and dues	1,981	3,295	2,500	795
Law enforcement	13,299	13,709	12,000	1,709
Municipal court	752	259	1,000	(741)
Walton 150 celebration	11,912	63	-	63
Other	5,039	7,238	-	7,238
	183,316	176,415	174,165	2,250
Adjustment for qualifying budget credits	-	-	2,250	(2,250)
Total expenditures	<u>\$ 183,316</u>	<u>176,415</u>	<u>176,415</u>	<u>-</u>



City of Walton, Kansas

**Special Purpose Funds**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b><u>LIBRARY</u></b>				
<b>RECEIPTS</b>				
Ad valorem property tax	\$ 4,382	4,499	4,869	(370)
Delinquent tax	358	213	-	213
Vehicle tax	880	913	767	146
Total receipts	5,620	5,625	5,636	(11)
<b>EXPENDITURES</b>				
Appropriations to Library Board	5,842	5,474	5,500	(26)
Receipts over (under) expenditures	(222)	151		
UNENCUMBERED CASH, beginning	409	187		
UNENCUMBERED CASH, ending	\$ 187	338		

City of Walton, Kansas

**Special Purpose Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b><u>SPECIAL STREET AND HIGHWAY</u></b>				
<b>RECEIPTS</b>				
State payments	\$ 6,635	5,961	5,990	(29)
<b>EXPENDITURES</b>				
Contractual services	-	717	50,000	(49,283)
Commodities	418	-	5,990	(5,990)
Total expenditures	418	717	55,990	(55,273)
Receipts over (under) expenditures	6,217	5,244		
UNENCUMBERED CASH, beginning	58,536	64,753		
UNENCUMBERED CASH, ending	\$ 64,753	69,997		

City of Walton, Kansas

**Special Purpose Funds**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL**

Regulatory Basis

For the Year Ended December 31, 2022

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

	<u>2021</u>	<u>2022</u>
<b><u>EQUIPMENT RESERVE</u></b>		
<b>RECEIPTS</b>	\$ -	-
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>16,000</u>	<u>16,000</u>
UNENCUMBERED CASH, ending	<u>\$ 16,000</u>	<u>16,000</u>

City of Walton, Kansas

**Bond and Interest Fund**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**  
Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>RECEIPTS</b>				
Delinquent tax	\$ 109	12	-	12
Transfer from Sewer Operating	<u>18,500</u>	<u>18,500</u>	<u>18,500</u>	<u>-</u>
Total receipts	<u>18,609</u>	<u>18,512</u>	<u>18,500</u>	<u>12</u>
<b>EXPENDITURES</b>				
Principal	10,000	10,000	10,000	-
Interest	<u>6,711</u>	<u>6,413</u>	<u>6,413</u>	<u>-</u>
Total expenditures	<u>16,711</u>	<u>16,413</u>	<u>16,413</u>	<u>-</u>
Receipts over (under) expenditures	1,898	2,099		
UNENCUMBERED CASH, beginning	<u>1,090</u>	<u>2,988</u>		
UNENCUMBERED CASH, ending	<u>\$ 2,988</u>	<u>5,087</u>		

City of Walton, Kansas

**Capital Project Fund**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL**

Regulatory Basis

For the Year Ended December 31, 2022

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

	<u>2021</u>	<u>2022</u>
<b><u>CAPITAL IMPROVEMENT</u></b>		
<b>RECEIPTS</b>		
Utility assessment	\$ 4,199	4,473
Transfer from		
Storm Water Operating	16,000	4,977
Gas Depreciation	<u>-</u>	<u>3,200</u>
Total receipts	20,199	12,650
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	20,199	12,650
UNENCUMBERED CASH, beginning	<u>-</u>	<u>20,199</u>
UNENCUMBERED CASH, ending	<u>\$ 20,199</u>	<u>32,849</u>

## City of Walton, Kansas

**Business Funds****SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

## Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b><u>WATER OPERATING</u></b>				
<b>RECEIPTS</b>				
Sales to consumers	\$ 78,496	100,149	100,000	149
Federal grant - ARPA	17,779	17,779	17,674	105
Total cash receipts	<u>96,275</u>	<u>117,928</u>	<u>117,674</u>	<u>254</u>
<b>EXPENDITURES</b>				
Personnel services	24,395	28,473	40,171	(11,698)
Contractual services	10,238	6,789	40,000	(33,211)
Commodities and other	4,675	6,788	5,000	1,788
Capital outlay	7,077	4,257	11,000	(6,743)
Miscellaneous	251	128	-	128
Water purchases	48,348	45,889	50,000	(4,111)
Cash basis reserve	-	-	35,000	(35,000)
Total expenditures	<u>94,984</u>	<u>92,324</u>	<u>181,171</u>	<u>(88,847)</u>
Receipts over (under) expenditures	1,291	25,604		
UNENCUMBERED CASH, beginning	<u>57,187</u>	<u>58,478</u>		
UNENCUMBERED CASH, ending	<u>\$ 58,478</u>	<u>84,082</u>		

## City of Walton, Kansas

**Business Funds**

## SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

## Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b><u>GAS OPERATING</u></b>				
<b>RECEIPTS</b>				
Sales to consumers	\$ 92,026	112,726	100,000	12,726
Reimbursements	-	9,469	-	9,469
Total receipts	<u>92,026</u>	<u>122,195</u>	<u>100,000</u>	<u>22,195</u>
<b>EXPENDITURES</b>				
Personnel services	15,034	22,000	14,060	7,940
Contractual services	19,628	7,744	9,000	(1,256)
Commodities and other	(1,524)	5,059	8,000	(2,941)
Capital outlay	1,947	9,203	2,000	7,203
Gas purchases	58,289	92,822	50,000	42,822
Franchise fee to City	-	-	8,000	(8,000)
Cash basis reserve	-	-	48,000	(48,000)
Total expenditures	<u>93,374</u>	<u>136,828</u>	<u>139,060</u>	<u>(2,232)</u>
Receipts over (under) expenditures	(1,348)	(14,633)		
UNENCUMBERED CASH, beginning	<u>27,560</u>	<u>26,212</u>		
UNENCUMBERED CASH, ending	<u>\$ 26,212</u>	<u>11,579</u>		

City of Walton, Kansas

**Business Funds**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**  
Regulatory Basis

For the Year Ended December 31, 2022

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b><u>SEWER OPERATING</u></b>				
<b>RECEIPTS</b>				
Sales to consumers	\$ 26,580	32,401	35,000	(2,599)
<b>EXPENDITURES</b>				
Personnel services	9,021	11,554	12,689	(1,135)
Contractual services	4,550	1,678	3,500	(1,822)
Commodities and other	292	981	1,000	(19)
Capital outlay	570	928	1,000	(72)
Transfer to Bond and Interest	18,500	18,500	16,500	2,000
Cash basis reserve	-	-	2,000	(2,000)
Total expenditures	32,933	33,641	36,689	(3,048)
Receipts over (under) expenditures	(6,353)	(1,240)		
UNENCUMBERED CASH, beginning	14,675	8,322		
UNENCUMBERED CASH, ending	\$ 8,322	7,082		
<b><u>STORM WATER OPERATING</u></b>				
<b>RECEIPTS</b>				
Ad valorem property tax	\$ 767	-	-	-
<b>EXPENDITURES</b>				
Commodities and other	122	-	-	-
Transfer to Capital Improvement	16,000	4,977	4,977	-
Total expenditures	16,122	4,977	4,977	-
Receipts over (under) expenditures	(15,355)	(4,977)		
UNENCUMBERED CASH, beginning	29,415	14,060		
UNENCUMBERED CASH, ending	\$ 14,060	9,083		



City of Walton, Kansas

**Business Funds**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL**

Regulatory Basis

For the Year Ended December 31, 2022

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

	<u>2021</u>	<u>2022</u>
<b><u>GAS DEPRECIATION</u></b>		
<b>RECEIPTS</b>	\$ -	-
<b>EXPENDITURES</b>		
Transfer to Capital Improvement	-	3,200
Receipts over (under) expenditures	-	(3,200)
UNENCUMBERED CASH, beginning	<u>3,200</u>	<u>3,200</u>
UNENCUMBERED CASH, ending	<u>\$ 3,200</u>	<u>-</u>
 <b><u>FEB 2021 GAS CRISIS</u></b>		
<b>RECEIPTS</b>		
Loan proceeds	\$ 215,000	-
Utility payments	<u>152,986</u>	<u>27,873</u>
Total receipts	<u>367,986</u>	<u>27,873</u>
 <b>EXPENDITURES</b>		
Commodities	213,744	-
Principal	21,368	21,300
Interest	<u>403</u>	<u>471</u>
Total expenditures	<u>235,515</u>	<u>21,771</u>
Receipts over (under) expenditures	132,471	6,102
UNENCUMBERED CASH, beginning	<u>-</u>	<u>132,471</u>
UNENCUMBERED CASH, ending	<u>\$ 132,471</u>	<u>138,573</u>

City of Walton, Kansas

**Related Municipal Entity**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL**

Regulatory Basis

For the Year Ended December 31, 2022

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

	<u>2021</u>	<u>2022</u>
<b><u>WALTON COMMUNITY LIBRARY</u></b>		
<b>RECEIPTS</b>		
Appropriations from City	\$ 5,842	5,474
SCKLS	-	3,371
Donations	-	150
State aid	-	64
Total receipts	<u>5,842</u>	<u>9,059</u>
<b>EXPENDITURES</b>		
Salaries and employee benefits	312	1,311
Books, periodicals, materials	1,593	1,535
Other	<u>2,716</u>	<u>2,733</u>
Total expenditures	<u>4,621</u>	<u>5,579</u>
Receipts over (under) expenditures	1,221	3,480
UNENCUMBERED CASH, beginning	<u>5,532</u>	<u>6,753</u>
UNENCUMBERED CASH, ending	<u>\$ 6,753</u>	<u>10,233</u>

City of Walton, Kansas

**Agency Funds**

**SUMMARY OF RECEIPTS AND DISBURSEMENTS**

Regulatory Basis

For the Year Ended December 31, 2022

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
<b>METER DEPOSIT</b>	\$ 1,450	300	-	1,750
<b>MEMORIALS</b>	50	-	-	50
<b>SALES TAX</b>	<u>147</u>	<u>8,918</u>	<u>8,162</u>	<u>903</u>
Total	<u>\$ 1,647</u>	<u>9,218</u>	<u>8,162</u>	<u>2,703</u>