

PUBLISHED BY
KOLKER & KOLKER, INC.
FOR

TOWN OF KANSAS, OKLAHOMA

FINANCIAL STATEMENTS

JUNE 30, 2023

TOWN OF KANSAS
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JUNE 30, 2023

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Certified Public Accountants, PLLC
6 S. ADAIR STREET, PRYOR, OKLAHOMA 74361
124 SOUTH MAIN, MIAMI, OK 74354
918-542-4401 OFFICE

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Council
Town of Kansas
Kansas, Oklahoma

OPINION

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kansas, State Oklahoma, as of and for the year ended June 30, 2023, which collectively comprise the Town of Kansas' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Kansas, State Oklahoma, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Kansas, State Oklahoma 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 audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Kansas, State Oklahoma'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 STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement 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 statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit

- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 Town of Kansas, State Oklahoma'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Kansas, State Oklahoma'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.

OTHER MATTERS

Required Supplementary Information

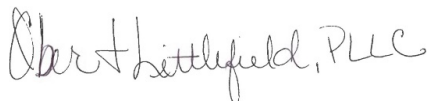
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, net pension liability, and budgetary comparison information, on pages 3 through 13, 53 through 57, and page 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting, for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion, or provide any assurance, on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kansas, State of Oklahoma's financial statements, as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis, and are not a required part of the financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the (supplementary information) is fairly stated, in all material respects, in relation to the basic financial statements.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 27, 2024, on our consideration of the Town of Kansas, State of Oklahoma's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Kansas, State of Oklahoma's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Town of Kansas, State of Oklahoma's internal control over financial reporting, and compliance.



OBES & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

March 27, 2024

TOWN OF KANSAS, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
JUNE 30, 2023

The discussion and analysis of the Town of Kansas's financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the accompanying basic financial statements.

WHO WE ARE

As of June 30, 2023, the mayor, council members, clerk and treasurer, all of whom are elected, consisted of the following:

Mayor	Johnita Stonecipher
Council Member	Darrell Pickup Bob Coleman
Clerk/Treasurer	Melissa Garcia

The governing board for the Kansas Public Works Authority is identical to the Town's.

FINANCIAL HIGHLIGHTS

- The total assets of the Town for its governmental and business-type activities exceeded its liabilities as of June 30, 2023 by \$3,237,789 as reflected in Statement 1. This excess, together with a comparison to the prior year, is summarized as follows:

	June 30, <u>2023</u>	June 30, <u>2022</u>
Invested in capital assets, net of related debt	\$1,859,627	\$1,781,553
Restricted for debt service	72,110	46,179
Restricted for specific purposes	381,893	422,144
Unrestricted	<u>924,159</u>	<u>772,118</u>
	<u>\$3,237,789</u>	<u>\$3,021,994</u>

GASB 68 reduced the unrestricted by \$1,464 and \$34,966 for June 30, 2023 and June 30, 2022 respectively.

(Unaudited)

- The reserved net position of governmental activities consists of the following:

	June 30, <u>2023</u>	June 30, <u>2022</u>
Fire Department	\$ 278,227	\$ 331,135
Street Department	14,034	12,927
Cemetery Operations	14,803	14,270
Police Department	<u>74,829</u>	<u>63,812</u>
	<u>\$ 381,893</u>	<u>\$ 422,144</u>

- The Town's (including the PWA) net position increased \$215,795 during the year. The breakdown of the increase was as follows:

Invested in capital assets, net of related debt	\$ 78,074
Restricted	(14,320)
Unrestricted	<u>152,041</u>
	<u>\$ 215,795</u>

The unrestricted net position increased \$152,041. The Town increased \$52,870, while the PWA increased \$99,171. The increase in the Town was mainly due to an increase in grants and contributions received. The PWA increase was mainly due to an increase in charges for services.

- The increase in invested in capital assets, net of related debt for the year is summarized below, including the reasons therefore

	Town of <u>Kansas</u>	Kansas <u>PWA</u>
Assets acquired and donated	\$ 146,553	\$ 40,962
Depreciation	(57,860)	(83,529)
(Increase) decrease in long-term debt	--	31,948
Asset disposals	<u>--</u>	<u>--</u>
	<u>\$ 88,693</u>	<u>\$(10,619)</u>

(Unaudited)

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the Town's basic financial statements. In accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments," ("GASB 34"), the Town's basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to the basic financial statements. The major features of these financial statements are summarized as follows:

	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Scope	Entire Town government and the Town's component units	The activities of the Town that are not proprietary, such as police, fire, library, streets, etc.	Activities of the Kansas Public Works Authority consisting of water, sewer and trash services
Required Financial statements	-Statement of net position -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to statements of a private-sector business.

The *statement of net position* presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

(Unaudited)

Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include public safety activities, streets, cemetery, library and parks activities and general government activities. The business-type activities of the Town include certain utilities.

Two component units are included in the basic financial statements and consist of the Kansas Public Works Authority, a legally separate entity for which the Town is financially accountable and that has the same governing board as the Town, and the County Wide Fire Department Fund, in which the Town's fire department is allocated sales tax monies. These are blended into the financial statements of the Town.

The government-wide financial statements can be found on Statements 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town, excluding the Kansas Public Works Authority, are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures and changes in fund balance provide a reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 5 individual governmental funds for financial reporting purposes in addition to the Countywide Fire Department Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and the Countywide Fire Department Fund, which are considered to be major funds. Data for the other 4 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund in the basic financial statements.

The governmental funds financial statements can be found on Statements 3 and 4 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements but in more detail. The proprietary fund financial statements provide information for the Kansas Public Works Authority. The proprietary fund financial statements can be found at Statements 5, 6, and 7 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 25 of this report.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town and its component unit, assets exceeded liabilities by \$3,237,789 at the close of the current fiscal year.

As shown on Table 1, the largest portion of the Town's net position, \$1,859,627 (including the PWA), reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The Town and its component unit uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate liabilities. Summaries of the two components of invested in capital assets is provided in Notes 3.D and 3.G in the notes to the financial statements.

At the end of the fiscal year ended June 30, 2023, the Town reported positive balances in all categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

The following represents a summary of the Net Position for Governmental and Business-type Activities as of June 30, 2023 and 2022 and changes in net position for each of those years:

TABLE 1
SUMMARY OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 963,413	\$ 948,066	\$ 410,741	\$ 314,772	\$ 1,374,154	\$ 1,262,838
Capital assets	900,915	812,222	1,050,451	1,093,018	1,951,366	1,905,240
Restricted assets	--	--	128,695	92,929	128,695	92,929
Inventory	--	--	22,312	22,312	22,312	22,312
Pension asset	<u>19,737</u>	<u>14,779</u>	<u>29,606</u>	<u>11,727</u>	<u>49,343</u>	<u>26,506</u>
Total assets	<u>1,884,065</u>	<u>1,775,067</u>	<u>1,641,805</u>	<u>1,534,758</u>	<u>3,525,870</u>	<u>3,309,825</u>
Current and other						
Liabilities	66,266	34,023	52,924	53,446	119,190	87,469
Long-term liabilities	--	--	118,084	138,890	118,084	138,890
Pension liability	<u>20,323</u>	<u>44,880</u>	<u>30,484</u>	<u>16,592</u>	<u>50,807</u>	<u>61,472</u>
Total liabilities	<u>86,589</u>	<u>78,903</u>	<u>201,492</u>	<u>208,928</u>	<u>288,081</u>	<u>287,831</u>
Net position						
Invested in capital assets, net of related debt	900,915	812,222	958,712	969,331	1,859,627	1,781,553
Restricted for debt service	--	--	72,110	46,179	72,110	46,179
Other restricted	381,893	422,144	--	--	381,893	422,144
Unrestricted	<u>514,668</u>	<u>461,798</u>	<u>409,491</u>	<u>310,320</u>	<u>924,159</u>	<u>772,118</u>
Total net position	<u>\$1,797,476</u>	<u>\$1,696,164</u>	<u>\$1,440,313</u>	<u>\$1,325,830</u>	<u>\$3,237,789</u>	<u>\$3,021,994</u>

(Unaudited)

TABLE 2
CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues						
Charges for services	\$ 81,798	\$ 41,297	\$ 392,798	\$ 291,798	\$ 474,281	\$ 333,095
Operating grants and contributions	170,841	83,600	--	--	170,841	83,600
Capital grants and Contributions	--	--	--	--	--	--
General revenues						
Sales tax	439,176	416,514	198,587	188,765	637,763	605,279
Other taxes	133,629	120,919	--	--	133,629	120,919
Other general revenues	<u>8,494</u>	<u>35,815</u>	<u>16,142</u>	<u>2,798</u>	<u>24,636</u>	<u>38,613</u>
Total revenues	<u>833,938</u>	<u>698,145</u>	<u>607,212</u>	<u>483,361</u>	<u>1,441,150</u>	<u>1,181,506</u>
Expenses						
Administrative and Accounting	165,353	251,272	--	--	165,353	251,272
Public safety	557,255	361,043	--	--	557,255	361,043
Street	5,203	3,463	--	--	5,203	3,463
Cultural, recreation and library	4,815	3,827	--	--	4,815	3,827
Utilities	<u>--</u>	<u>--</u>	<u>492,729</u>	<u>470,108</u>	<u>492,729</u>	<u>470,108</u>
Total expenses	<u>732,626</u>	<u>619,605</u>	<u>492,729</u>	<u>470,108</u>	<u>1,225,355</u>	<u>1,089,713</u>
Increase (decrease) in net position	<u>\$ 101,312</u>	<u>\$ 78,540</u>	<u>\$ 114,483</u>	<u>\$ 13,253</u>	<u>\$ 215,795</u>	<u>\$ 91,793</u>

Governmental Activities. Governmental activities decreased the Town's fund balances by \$16,896 for the current fiscal year compared to an increase of \$144,181 in the prior year per Statement 4 of the Financial Statements.

Following is the increase (decrease) in fund balances of all governmental funds:

	<u>FYE</u> <u>6/30/23</u>	<u>FYE</u> <u>6/30/22</u>
General Fund	\$ 23,355	\$ 65,614
Countywide Fire Department Fund	(43,926)	41,306
Street & Alley Fund	1,107	2,457
Cemetery Fund	533	2,471
Fire Cash Fund	(8,982)	17,134
Police Donation Fund	<u>11,017</u>	<u>15,199</u>
	<u>\$(16,896)</u>	<u>\$ 144,181</u>

(Unaudited)

Business-type Activities. Business-type activities, i.e., the Kansas Public Works Authority, had an increase in net position of \$114,483. Unrestricted increased \$99,171 and invested in capital assets, net of depreciation decreased by \$10,619.

FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS

As noted earlier, the Town uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$515,254, constituting 100% of the fund balance, which was \$23,355 more than the prior year's General Fund balance. The main reason for the increase has previously been discussed. This fund is considered very healthy.

Countywide Fire Department Fund

This fund pays for most of the operating expenses of the Fire Department in addition to acquiring assets and making note payments, and decreased its fund balance by \$43,926 to \$241,989.

Kansas Public Works Authority

The Authority had a net profit of \$114,483 in the current year. This profit is mainly due to an increase in grants and donations received.

See the *FINANCIAL HIGHLIGHTS* for comments relating to net position.

GENERAL FUND BUDGETARY

The following Table 3 presents a summary analysis of the General Fund budget and actuals for the current fiscal year.

TABLE 3
SUMMARY ANALYSIS OF GENERAL FUND BUDGET
FISCAL YEAR ENDING JUNE 30, 2023

<u>Category</u>	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>	<u>Variance Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
Revenue				
Sales tax	\$ 261,119	\$ 261,119	\$ 345,651	\$ 84,532
All other taxes	102,253	102,253	124,438	22,185
Police fines	34,415	34,415	76,189	41,774
All other revenues	<u>67,240</u>	<u>67,240</u>	<u>116,606</u>	<u>49,366</u>
Total revenues	<u>465,027</u>	<u>465,027</u>	<u>662,884</u>	<u>197,857</u>
Expenditures				
Personal services	339,000	339,000	298,837	40,163
Maintenance and operation	230,400	230,400	235,985	(5,585)
Capital outlay	<u>281,000</u>	<u>281,000</u>	<u>93,360</u>	<u>187,640</u>
Total expenditures	<u>850,400</u>	<u>850,400</u>	<u>628,182</u>	<u>222,218</u>
Total excess (deficiency) of revenues over expenditures	(385,373)	(385,373)	34,702	420,075
Beginning fund balance	<u>385,373</u>	<u>385,373</u>	<u>385,373</u>	<u>--</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 420,075</u>	<u>\$ 420,075</u>

The basis of accounting for budgetary purposes for the General Fund is the modified accrual, i. e., revenues are recognized when received and expenses are recognized when encumbered.

The budget method authorized by Oklahoma Statute adopted by the Town for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the beginning of the fiscal year plus 90% of its revenues for the year just ended.

The budgetary fund balance is reconciled to the balance sheet fund balance in the Required Supplementary Information.

Generally, the Town attempts to prepare a budget that will result in a small positive increase in the fund balance. Generally, this is accomplished by only budgeting 90% of the prior year revenues and budgeting amounts, primarily in General Government, that will not be expended.

The fund balance for budget purposes increased by \$34,702.

(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets, including the PWA, as of June 30, 2023 amounted to \$1,951,366 compared to \$1,905,240 in the previous year. This investment, detailed in Table 4, in a broad range of capital assets includes land, structures and improvements and equipment. Infrastructure is reported on a prospective basis beginning July 1, 2003.

TABLE 4
CAPITAL ASSETS (NET OF DEPRECIATION)
June 30, 2023

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Land and easements	\$ 315,712	\$ 7,500	\$ 323,212
Buildings	213,868	18,744	232,612
Machinery and equipment	240,410	28,462	268,872
Utility property	--	995,745	995,745
Infrastructure	<u>130,925</u>	<u>--</u>	<u>130,925</u>
Capital assets, net	<u>\$ 900,915</u>	<u>\$1,050,451</u>	<u>\$1,951,366</u>

Note 3.D. to the financial statements provides additional detail pertaining to Capital Assets.

Debt Administration

- All note requirements and payments were complied with.
- See Note 3.G. to the financial statements for additional detail.

ECONOMIC FACTORS AND NEW YEAR'S BUDGET

All Governmental Funds appear healthy and its future looks good without any increase in revenues.

The outlook for the Kansas PWA appears to be okay. Current and potential water leaks have been, and will be, closely monitored by management.

Additionally, the Authority, like any other utility, will ultimately have to replace its utility systems and other assets. The Authority is not funding its depreciation to provide future replacement funds.

The Board is fully aware that the issue of replacing the current water and sewer systems and equipment needs to be addressed at some point in the future.

(Unaudited)

CONTACTING THE TOWN'S FINANCE DEPARTMENT

This managements' discussion and analysis is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions or need additional financial information, please contact the Town of Kansas at (918) 868-2198.

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2023

Statement 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash, including time deposits	\$ 546,297	\$ 333,378	\$ 879,675
Deposit with county	289,726	--	289,726
Taxes receivable	88,576	37,466	126,042
Other receivables	18,259	37,708	55,967
Due from Restricted Funds	--	2,189	2,189
Due from other funds	<u>20,555</u>	<u>--</u>	<u>20,555</u>
Total current assets	<u>963,413</u>	<u>410,741</u>	<u>1,374,154</u>
Noncurrent assets:			
Restricted assets:			
Cash, including time deposits	--	130,884	130,884
Due to general operations	--	(2,189)	(2,189)
Capital assets (net)	900,915	1,050,451	1,951,366
Inventory	<u>--</u>	<u>22,312</u>	<u>22,312</u>
Total noncurrent assets	<u>900,915</u>	<u>1,201,458</u>	<u>2,102,373</u>
Total assets	<u>1,864,328</u>	<u>1,612,199</u>	<u>3,476,527</u>
Deferred outflows of resources			
Deferred outflows related to pensions	<u>19,737</u>	<u>29,606</u>	<u>49,343</u>
LIABILITIES			
Current liabilities:			
Accounts payable	66,266	--	66,266
Accrued expenses	--	2,129	2,129
Current portion of long-term debt	--	30,240	30,240
Due to other governmental funds	<u>--</u>	<u>20,555</u>	<u>20,555</u>
Total current liabilities	<u>66,266</u>	<u>52,924</u>	<u>119,190</u>
Noncurrent liabilities:			
Customer deposits payable from restricted assets	--	56,585	56,585
Long-term debt	--	61,499	61,499
Net pension liability	<u>11,677</u>	<u>17,515</u>	<u>29,192</u>
Total noncurrent liabilities	<u>11,677</u>	<u>135,599</u>	<u>147,276</u>
Total liabilities	<u>77,943</u>	<u>188,523</u>	<u>266,466</u>
Deferred inflows of resources			
Deferred amounts related to pensions	<u>8,646</u>	<u>12,969</u>	<u>21,615</u>
NET POSITION			
Invested in capital assets, net of related debt	900,915	958,712	1,859,627
Restricted for specific purposes	381,893	--	381,893
Restricted for debt service	--	72,110	72,110
Unrestricted	<u>514,668</u>	<u>409,491</u>	<u>924,159</u>
Total net position	<u>\$1,797,476</u>	<u>\$1,440,313</u>	<u>\$3,237,789</u>

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

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
Governmental activities					
General government					
Administrative and Accounting	\$ 165,353	\$ 5,010	\$ 100,493	\$ --	\$(59,850)
Total general government	<u>165,353</u>	<u>5,010</u>	<u>100,793</u>	<u>--</u>	<u>(59,850)</u>
Public safety and judiciary					
Police and Court	376,228	76,188	20,750	--	(279,290)
Fire	<u>181,027</u>	<u>--</u>	<u>47,524</u>	<u>--</u>	<u>(133,503)</u>
Total public safety and Judiciary	<u>557,255</u>	<u>76,188</u>	<u>68,274</u>	<u>--</u>	<u>(412,793)</u>
Transportation					
Street	<u>5,203</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(5,203)</u>
Total transportation	<u>5,203</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(5,203)</u>
Cultural, parks and recreation					
Library	1,290	--	--	--	(1,290)
Cemetery	2,725	600	2,074	--	(51)
Parks	<u>800</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(800)</u>
Total cultural, parks and recreation	<u>4,815</u>	<u>600</u>	<u>2,074</u>	<u>--</u>	<u>(2,141)</u>
Total governmental activities	<u>732,626</u>	<u>81,798</u>	<u>170,841</u>	<u>--</u>	<u>(479,987)</u>
Business-type activities					
Water	369,547	264,972	--	--	(104,575)
Sewer	<u>123,182</u>	<u>127,511</u>	<u>--</u>	<u>--</u>	<u>4,329</u>
Total business-type activities	<u>492,729</u>	<u>392,483</u>	<u>--</u>	<u>--</u>	<u>(100,246)</u>
Total	<u>\$1,225,355</u>	<u>\$ 474,281</u>	<u>\$ 170,841</u>	<u>\$ --</u>	<u>\$(580,233)</u>

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

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

CHANGES IN NET POSITION

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Net (expense) /revenue	<u>\$(479,987)</u>	<u>\$ (100,246)</u>	<u>\$(580,233)</u>
General Revenues			
Taxes:			
Sales tax	439,176	198,587	637,763
Use tax	86,420	--	86,420
Alcohol beverage tax	14,474	--	14,474
Gasoline tax	1,282	--	1,282
Motor vehicle tax	5,276	--	5,276
Franchise taxes	22,372	--	22,372
Cigarette tax	3,805	--	3,805
Investment income	5,026	2,067	7,093
Sales and insurance recovery	6,836	--	6,836
Transfers (net)	(11,340)	11,340	--
Miscellaneous	<u>7,972</u>	<u>2,735</u>	<u>10,707</u>
Total general revenues	<u>581,299</u>	<u>214,729</u>	<u>796,028</u>
Change in net position	101,312	114,483	215,795
Net position - beginning	<u>1,696,164</u>	<u>1,325,830</u>	<u>3,021,994</u>
Net position - ending	<u>\$ 1,797,476</u>	<u>\$ 1,440,313</u>	<u>\$3,237,789</u>

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

TOWN OF KANSAS, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General Fund</u>	<u>County- Wide Fire Department Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash, including time deposits	\$ 407,171	\$ --	\$ 139,126	\$ 546,297
Deposits with county	--	289,726	--	289,726
Taxes receivable	78,784	9,014	778	88,576
Other receivables, franchises, miscellaneous	18,259	--	--	18,259
Receivable - other funds	<u>20,555</u>	<u>--</u>	<u>--</u>	<u>20,555</u>
Total assets	<u>\$ 524,769</u>	<u>\$ 298,740</u>	<u>\$ 139,904</u>	<u>\$ 963,413</u>
LIABILITIES				
Accounts payable	<u>9,515</u>	<u>56,751</u>	<u>--</u>	<u>66,266</u>
Total liabilities	<u>9,515</u>	<u>56,751</u>	<u>--</u>	<u>66,266</u>
FUND BALANCES				
Restricted	--	241,989	139,904	381,893
Unassigned	<u>515,254</u>	<u>--</u>	<u>--</u>	<u>515,254</u>
Total fund balance	<u>515,254</u>	<u>241,989</u>	<u>139,904</u>	897,147
Total liabilities and fund balances	<u>\$ 524,769</u>	<u>\$ 298,740</u>	<u>\$ 139,904</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$1,182,303				\$ 900,915
Long-term liabilities are not due and payable in the current period, and, therefore, they are not reported in the governmental funds balance sheet				
Due within one year				--
Certain liabilities are not due and payable in the current period from current financial resources, and, therefore, are not reported in the fund				
Net pension liability				(11,677)
Pension related deferred inflows				(8,646)
Pension related deferred outflows				<u>19,737</u>
Net position of governmental activities				<u>\$ 1,797,476</u>

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

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General <u>Fund</u>	County- Wide Fire Department <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES				
Sales tax	\$ 330,979	\$ 108,197	\$ --	\$ 439,176
Other taxes	104,698	--	6,559	111,257
Fines and forfeits	76,188	--	--	76,188
Franchise taxes	22,372	--	--	22,372
Interest	3,156	1,347	523	5,026
Miscellaneous	1,805	--	6,767	8,572
Grants and contributions	100,493	--	70,348	170,841
Asset sales and insurance recovery	6,836	--	--	6,836
Licenses	<u>5,010</u>	<u>--</u>	<u>--</u>	<u>5,010</u>
Total revenues	<u>651,537</u>	<u>109,544</u>	<u>84,197</u>	<u>845,278</u>
EXPENDITURES				
General Government				
Administrative & accounting	<u>174,225</u>	<u>--</u>	<u>--</u>	<u>174,225</u>
Public safety and judiciary				
Police and court	348,565	--	--	348,565
Fire	<u>--</u>	<u>153,470</u>	<u>19,587</u>	<u>173,057</u>
Total public safety And judiciary	<u>348,565</u>	<u>153,470</u>	<u>19,587</u>	<u>521,622</u>
Transportation				
Street	<u>--</u>	<u>--</u>	<u>5,015</u>	<u>5,015</u>
Cultural, parks and recreation				
Library	692	--	--	692
Cemetery	<u>--</u>	<u>--</u>	<u>2,726</u>	<u>2,726</u>
Total cultural, parks And recreation	<u>692</u>	<u>--</u>	<u>2,726</u>	<u>3,418</u>

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

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General <u>Fund</u>	County- Wide Fire Department <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Debt service				
Principal	\$ --		\$ --	\$ --
Interest and other charges	--	--	--	--
Capital outlay	<u>93,360</u>	<u>--</u>	<u>53,194</u>	<u>146,554</u>
Total debt service and capital outlay	<u>93,360</u>	<u>--</u>	<u>53,194</u>	<u>146,554</u>
Total expenditures	<u>616,842</u>	<u>153,470</u>	<u>80,522</u>	<u>850,834</u>
Excess (deficiency) of revenues over expenditures	34,695	(43,926)	3,675	(5,556)
Other financing sources (uses)				
Fund transfers	<u>(11,340)</u>	<u>--</u>	<u>--</u>	<u>(11,340)</u>
Net changes in fund balances	23,355	(43,926)	3,675	(16,896)
Fund balances - beginning	<u>491,899</u>	<u>285,915</u>	<u>136,229</u>	<u>914,043</u>
Fund balances - ending	<u>\$ 515,254</u>	<u>\$ 241,989</u>	<u>\$ 139,904</u>	<u>\$ 897,147</u>
Reconciliation of the change in fund balances – total government funds to the change in net position of governmental activities				
Net change in fund balances – total governmental funds				<u>\$(16,896)</u>
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:				
Capital asset purchase capitalized				146,553
Depreciation expense				<u>(57,860)</u>
				88,693
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.				
Principal repaid				--
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expenses.				<u>29,515</u>
				<u>\$ 101,312</u>

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

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
KANSAS PUBLIC WORKS AUTHORITY
JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 333,378
Accounts receivable	37,708
Taxes receivable	37,466
Due from restricted funds	<u>2,189</u>

Total current assets 410,741

Noncurrent assets

Restricted assets	
Cash and cash equivalents	130,884
Due to general operations	(2,189)
Capital assets (net)	1,050,451
Inventory	<u>22,312</u>

Total noncurrent assets 1,201,458

Total assets 1,612,199

Deferred outflows of resources

Deferred outflows related to pensions	<u>29,606</u>
---------------------------------------	---------------

LIABILITIES

Current liabilities

Accrued Expenses	2,129
Due to Town of Kansas	20,555
Current portion of long-term debt	<u>30,240</u>

Total current liabilities 52,924

Noncurrent liabilities

Customers' meter deposits (payable from restricted assets)	56,585
Net Pension Liability	17,515
Long-term debt	<u>61,499</u>

Total noncurrent liabilities 135,599

Total liabilities 188,523

Deferred inflows of resources

Deferred amounts related to pensions	<u>12,969</u>
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NET POSITION

Investment in capital assets, net of related debt	958,712
Restricted for debt service	72,110
Unrestricted	<u>409,491</u>

Total net position \$1,440,313

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
KANSAS PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2023

Operating revenues	
Utility charges	\$ 392,483
Miscellaneous income	<u>2,735</u>
Total operating revenues	<u>395,218</u>
Operating expenses	
Purchased water	194,479
Insurance	351
Legal and professional	4,990
Salaries and benefits	138,517
Utilities	12,422
Other expenses	14,753
Repairs, maintenance and supplies	38,328
Depreciation expense	<u>83,529</u>
Total operating expenses	<u>487,369</u>
Net operating income (loss)	(<u>92,151</u>)
Nonoperating revenue (expenses)	
Interest expense	(5,360)
Sales tax revenue	198,587
Transfers (net)	11,340
Investment income	<u>2,067</u>
Total nonoperating revenue (expenses)	<u>206,634</u>
Changes in net position	114,483
Net position - beginning of year	<u>1,325,830</u>
Net position - end of year	<u>\$1,440,313</u>

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

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
KANSAS PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Receipts from customers	\$ 409,482
Payments to suppliers	(267,131)
Payments to employees and benefits	(140,381)
Receipts (deficits) over refunds of customer meter deposits	(9,835)
Net cash provided (used) by operating activities	(7,865)
Cash flows from noncapital financing activities:	
Sales tax	<u>207,391</u>
Net cash provided (used) by noncapital financing activities	<u>207,391</u>
Cash flows from capital and related financing activities:	
Principal paid on long-term debt	(31,948)
Interest paid	(5,360)
Purchase of capital assets / Loans / Transfers	(29,623)
Net cash provided (used) by capital and related financing activities	(66,931)
Cash flows from investing activities:	
Interest	<u>2,067</u>
Net cash provided (used) by investing activities	<u>2,067</u>
Net increase (decrease) in cash and cash equivalents	134,662
Balances - beginning of the year	<u>329,600</u>
Balances - end of the year	<u>\$ 464,262</u>
Cash, including time deposits	\$ 333,378
Restricted cash, including time deposits	<u>130,884</u>
Total cash and cash equivalents, end of year	<u>\$ 464,262</u>

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

TOWN OF KANSAS, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
KANSAS PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of operating income (loss) to net
cash provided (used) by operating activities

Operating income (loss)	\$(92,151)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows in other categories:	
Depreciation expense	83,529
Change in assets and liabilities:	
Receivables	(5,877)
Accounts payable	(20,429)
Accrued expenses	660
Pension related assets	(17,879)
Pension related liabilities	13,892
Due to other funds	20,555
Meter deposits	<u>9,835</u>
	<u><u>\$(7,865)</u></u>

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

TOWN OF KANSAS, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
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TOWN OF KANSAS, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Kansas was incorporated in 1965. The Town's major operations include public safety (police and fire), parks, library, provision and maintenance of streets and drainage, and general administrative services. In addition, the Town exercises sufficient control over another governmental agency that provides water and sewer services that is included as part of the Town's reporting entity.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

1.A. FINANCIAL REPORTING ENTITY

The Town's financial reporting entity comprises the following:

Primary Government:	Town of Kansas
Blended Component Units:	Kansas Public Works Authority County Wide Fire Department Fund

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the Town appointed a voting majority of the units' board; the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Unit

A blended component unit is a separate legal entity that meets the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's funds are blended into those of the Town's by appropriate activity type to compose the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

Blended Component Unit

Component Unit	Brief Description/Inclusion Criteria	Reporting
Kansas Public Works Authority	The Authority, which has the same Board Members as the Town, provides water, and sewer services to citizens of the Town. The Authority is dependent on the Town, as a major source of revenues is sales tax. The Town is the beneficiary of the Authority.	Proprietary

Blended Other Units

A countywide sales tax is assessed for the purpose of providing revenues to the various fire departments of Delaware County. The sales tax receipts are equally divided among the fire departments and administered by the County which maintains a fund for each fire department, including that of the Town of Kansas. Purchases against the funds can only be initiated by each fire department, sometimes requiring its governing board approval.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental category. The Kansas Public Works Authority is the only proprietary type activity of the reporting entity and is considered a major fund. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally or council restricted to expenditures for certain purposes.

Capital Project Funds

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The Town has no capital project fund.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the Town other than debt service payments made by other funds. The Town has no debt service funds.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Kansas Public Works Authority is the only enterprise fund.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Fund	Brief Description
Major:	
General	See above for description
Countywide Fire Department Fund	Provides funds for the acquisition of assets and the operations of the fire department. Funded by a countywide sales tax.
Proprietary Fund: Kansas Public Works Authority	Accounts for activities of providing water and sewer services to the public.
Non-major:	
Special Revenue Funds: Street and Alley	Accounts for revenues and expenditures of maintaining, improving and extending streets and alleys.
Cemetery Fund	Accounts for revenues and expenditures of maintaining the cemetery.
Fire Fund	Accounts for revenues raised by the volunteer firefighters, donations and grants and expending of such funds
Police Donation Fund	Donations and expenditures for the Police Department

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and businesslike activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and businesslike activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Specifically, taxes received in July and August after the year end are accrued when such taxes pertain to the period being reported.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, grant receivables are recognized when expenditures are incurred that are to be reimbursed. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt services, prepaid expenses, and other long-term obligations which are recognized when paid. Capital asset acquisitions and debt payments are treated as expenditures.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Budget Basis of Accounting

Formal budgetary accounting is employed as a management control for the governmental funds of the Town. Annual operating budgets are adopted only for the general fund. The basis of accounting for budgetary purposes for all funds is the modified accrual, i.e., revenues are recognized when received and expenditures are recognized when encumbered. The Kansas Public Works Authority also adopts a budget and revenues are recognized when earned and billed and expenditures are recognized when incurred.

The budget method authorized by Oklahoma Statute adopted by the Town for its general fund places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance at the end of the fiscal year plus 90% of its revenues for the year just ended. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposit of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit.

Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

The Kansas Public Works Authority is the only fund that has receivables that are essentially subject to bad debts. An allowance for uncollectible accounts has not been established, as is more fully explained in Note 3.C. Such receivables consist of utility charges to customers.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The capitalization policy of both the Town and the Authority is to capitalize all assets with a cost of \$500 or greater and \$1,000 or greater beginning July 1, 2014. Prior to June 30, 1996 the Authority capitalized all items costing over \$250.

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

As of June 30, 2023, the governmental funds' infrastructure assets have not been capitalized, other than on a prospective basis, which, in accordance with GASB 34, is proper.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Government</u>	<u>Proprietary</u>
Buildings	12 - 40 years	40 years
Machinery and Equipment	5 - 25 years	5 - 20 years
Utility System	--	10 - 40 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to charter and third party required reserves and utility meter deposits.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and leases payable, and customer meter deposits.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The only restricted net position are funds set aside for the payment of long-term debt as required by bond indentures and funds held for utility deposits. Both are reflected in the Kansas Public Works Authority.

- c. Unrestricted net position - All other net position that does meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Sales Tax

A 3-cent sales tax is collected by the Oklahoma Tax Commission for sales through October 31, 2016 and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. Two cents of the sales tax is allocated to the general fund and one cent to the Kansas Public Works Authority. Effective October 1, 2017, the sales tax rate is 4%, with 2.5% allocated to the General Fund and 1.5% allocated to the PWA.

Additionally, the Countywide Fire Department Fund receives sales tax revenues from Delaware County.

Use Tax

The Town levies a 4-cent use tax on personal property purchased outside the town limits but stored, used, or consumed within the Town. The use tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities:

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town of Kansas's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Town include the following:

Fund	Required By
Street and Drainage	State Law
Public Works Authority	Trust Indenture
Cemetery	State Law

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral

includes certain U. S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A. Section 1823 (e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

2.C. REVENUE RESTRICTIONS

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 1.E.
Gasoline Excise & Commercial Vehicle Tax	Street and Alley Purposes
Water, Sewer, Electrical, and Gas Revenue	Debt Service & Utility Operations

For the year ended June 30, 2023, the Town complied, in all material respects, with these revenue restrictions.

2.D. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27, for the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for nonutility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2023, the Town complied with this provision.

Other Long-term Debt

Except as noted in the preceding paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval.

2.E. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Title 11, Section 17-211, of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town of Kansas complied with this statute in all material respects for the year ended June 30, 2023.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

Deposits

The Town's policies regarding deposits of cash are discussed in Note 1.D. The table presented below is designed to disclose the level of custody credit risk assumed by the Town based upon how its deposits were insured or secured with collateral at June 30, 2023. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Town (or public trust) or by its agent in its name

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized with no written or approved collateral agreement.

	<u>Total Bank Carrying Value</u>	<u>Custody</u>	<u>Credit Risk</u>	<u>Category</u>	<u>Total Book Balance</u>
Type of Deposits		<u>1</u>	<u>2</u>	<u>3</u>	
Demand deposits	<u>\$1,010,559</u>	<u>\$500,000</u>	<u>\$510,559</u>	<u>\$ --</u>	<u>\$1,010,559</u>
Time deposits					
Reconciliation to Government-wide Statement of Net Position:					
Unrestricted cash, including time deposits					<u>\$879,675</u>
Restricted cash, including time deposits					<u>130,884</u>
					<u>\$1,010,559</u>

3.B. RESTRICTED ASSETS

The following is a summary of the restricted assets:

Business Activities

Reservation of retained earnings	
Reserve for debt retirement	<u>\$ 72,110</u>
Liabilities	
Liability for customer meter deposits	
Cash	58,774
Due to general operations	<u>(2,189)</u>
	<u>56,585</u>
 Total restricted assets	 <u>\$ 128,695</u>

The source and purpose of restricted assets is as follows:

- (a) Reserve for Debt Retirement - Loan provisions for the reserves not fully funded require that there shall be set aside and credited in the reserve for debt retirement the sum of \$369.90 each month until there is accumulated in such reserves the sum of \$45,180, after which no further credits need be made into the account except to replace withdrawals. These reserves can be used for payments on the notes if other funds are insufficient. With written approval from the Rural Development Administration, formerly Farmers Home Administration, the reserves can also be used for repairs necessitated by a catastrophe or making extensions or improvements to the facility. As of June 30, 2023, this reserve was fully funded with an excess of \$26,930.

When disbursements are made from the reserve for debt retirement, monthly credits shall be continued or resumed until there is again accumulated the aforesaid required balances, at which time credits may be discontinued.

- (b) Customer Meter Deposits - This represents deposits required from utility customers and is reported as a liability.

3.C. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of franchise taxes.

Accounts receivable of the Kansas Public Works Authority are reported at their gross value without an allowance for doubtful accounts. All accounts have utility deposits with the Authority which can be applied to any unpaid balances. Management feels that such deposits will cover most accounts that might become uncollectible. Accordingly, no allowance for uncollectible accounts has been established. Accounts written off in prior years have been negligible.

3.D. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfer</u>	<u>Balance at June 30, 2023</u>
Governmental activities:					
Land	\$ 315,712	\$ --	\$ --	\$ --	\$ 315,712
Buildings	452,152	17,818	--	--	469,970
Machinery and equipment	1,005,725	128,735	--	--	1,134,460
Infrastructure	<u>163,076</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>163,076</u>
Totals at historical cost	<u>1,936,665</u>	<u>146,553</u>	<u>--</u>	<u>--</u>	<u>2,083,218</u>
Less accumulated depreciation					
Buildings	(244,469)	(11,663)	--	--	(256,102)
Machinery and equipment	(853,064)	(40,986)	--	--	(894,050)
Infrastructure	<u>(26,910)</u>	<u>(5,241)</u>	<u>--</u>	<u>--</u>	<u>(32,151)</u>
Total accumulated depreciation	<u>(1,124,443)</u>	<u>(57,860)</u>	<u>--</u>	<u>--</u>	<u>(1,182,303)</u>
Governmental activities capital assets, net	<u>\$ 812,222</u>	<u>\$ 88,693</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 900,915</u>
Business-type activities:					
Land	\$ 7,500	\$ --	\$ --	\$ --	\$ 7,500
Buildings	30,281	7,400	--	--	37,681
Machinery and equipment	127,447	23,162	--	--	150,609
Utility property	<u>3,039,063</u>	<u>10,400</u>	<u>--</u>	<u>--</u>	<u>3,049,463</u>
Totals at historical cost	<u>3,204,291</u>	<u>40,962</u>	<u>--</u>	<u>--</u>	<u>3,245,253</u>
Less accumulated depreciation:					
Buildings	(17,804)	(1,133)	--	--	(18,937)
Machinery and equipment	(116,987)	(5,160)	--	--	(122,147)
Utility property	<u>(1,976,482)</u>	<u>(77,236)</u>	<u>--</u>	<u>--</u>	<u>(2,053,718)</u>
Total accumulated depreciation	<u>(2,111,273)</u>	<u>(83,529)</u>	<u>--</u>	<u>--</u>	<u>(2,194,802)</u>
Business-type capital assets, net	<u>\$ 1,093,018</u>	<u>\$ (42,567)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,050,451</u>

* Depreciation expense was charged to governmental activities as follows:

General government:	
Administrative and accounting	<u>\$ 20,641</u>
Public safety and judiciary:	
Police	27,663
Fire	<u>7,970</u>
Total public safety and judiciary	<u>35,633</u>
Streets	<u>188</u>
Cultural, parks and recreation:	
Library	598
Cemetery	--
Parks	<u>800</u>
Total cultural, parks and recreation	<u>1,398</u>
Total depreciation expense	<u>\$ 57,860</u>

The capitalization of infrastructure is reported on a prospective basis beginning July 1, 2003.

The \$150,000 of prior-year land additions represents a donation from the Vo-Tech consisting of an extremely dilapidated building, acreage and a large cement pad. At present, the Town is only using a small percentage of the building for storage. Therefore, the total cost at present has been allocated to land only.

3.E. ACCOUNTS PAYABLE

Payables in all funds are composed of payables to vendors only. Accrued expenses consist mainly of accrued payroll and benefits and additionally for the Kansas Public Works Authority, accrued interest.

3.F. INVENTORY

Inventory consists of \$22,312 of pipe donated by an organization in a prior year. Inventory is treated as a noncurrent asset as it will ultimately be a capital asset.

3.G. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

The following is a summary of the Town's (excluding Proprietary Funds) long-term debt transactions for the year ended June 30, 2023:

Debt outstanding, July 1, 2022	\$ --
Additions	--
Retirements	<u>--</u>
Debt outstanding, June 30, 2023	<u>\$ --</u>
Amount due within one year	<u>\$ --</u>

Business-Type Activities

The following is a summary of the Kansas Public Works Authority's long-term debt transactions for the year ended June 30, 2023.

Debt outstanding July 1, 2022	\$ 123,687
Additions	--
Retirements	<u>(31,948)</u>
Debt outstanding June 30, 2023	<u>\$ 91,739</u>
Amount due in one year	<u>\$ 30,240</u>

Notes and bonds payable at June 30, 2023 for the Kansas Public Works Authority consist of the following:

<u>Note #</u>	<u>Interest Rate</u>	<u>Payment Amount</u>	<u>Term</u>	<u>Total Debt</u>	<u>Due Within One Year</u>
Rural Development Administration, formerly Farmer's Home Administration					
92-03	5.00 %	2,029	monthly	\$ 79,522	\$ 20,845
92-08	5.00 %	816	monthly	<u>12,217</u>	<u>9,395</u>
Total Debt				91,739	<u>\$ 30,240</u>
Less: Current Portion				<u>(30,240)</u>	
Long-term Portion				<u>\$ 61,499</u>	

The notes to the Rural Development Administration are secured by mortgages on the property, plant, and equipment of the Public Works Authority. In addition, the Authority has assigned its revenues to Rural Development Administration. The notes to First Arvest Bank are secured by equipment and vehicle. The note payable to Oklahoma Department of Commerce is unsecured.

Long-term debt maturities, including principal and interest, for each of the next five years and until maturity in the aggregate are as follows:

	<u>Interest</u>	<u>Principal</u>
Year ended June 30, 2024	3,900	30,240
Year ended June 30, 2025	2,463	24,735
Year ended June 30, 2026	1,315	23,033
Year ended June 30, 2027	225	13,731

3.H. EMPLOYEE RETIREMENT SYSTEMS

Employee Retirement System of Kansas, Oklahoma

The Town participates in two employee pension systems as follows:

Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer-Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Benefit Plan

Oklahoma Firefighter's Pension and Retirement System

Plan description - The Town of Kansas, as the employer, participates in the Firefighters Pension and Retirement, a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at the Plan's administrative web site.

Benefits provided- FPRS provides retirement, disability and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service or \$7.53 per year of service with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$0.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the Town reported a net pension liability of \$0 for its proportionate share of the net pension liability. 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 July 1, 2022. The Town's proportion of the net pension asset was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the Town's proportion was 0.00%.

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	--	--
Changes of assumptions	--	--
Net difference between projected and actual earnings on pension plan investments	--	--
Changes in proportion and differences between Town contributions and proportionate share of contributions	--	--
Town contributions subsequent to the measurement date	<u>--</u>	<u>--</u>
Total	<u><u>--</u></u>	<u><u>--</u></u>

\$0 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30	
2023	\$ --
2024	--
2025	--
2026	<u>--</u>
	<u><u>\$ --</u></u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the following:

<i>Active Members</i>	Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.
<i>Retired Members</i>	Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018
<i>Disabled Members</i>	Pub-2010 Public Safety Disabled Table set forward 2 years

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's net pension liability (asset)	\$ --	\$ --	\$ --

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS, which can be located on the Plan Administrative web site.

Defined Benefit Plan - Oklahoma Municipal Retirement Fund

A. Plan Description

The Town contributes to the OkMRF for all electing eligible employees except for those covered by the Firefighter Pension Systems. The Plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their web site at www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O. S. Title 11, Section 48-101-102.

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

C. Summary of Plan Provisions

<i>Eligibility</i>	All regular, full-time employees except firefighters, and other employees who are covered under an approved system.
<i>Probationary Period</i>	9 months
<i>Employee Contributions</i>	1.5% of pay
<i>Employer Contributions</i>	2.48% of pay
<i>Service:</i>	
<i>Credited service</i>	The last period of continuous employment with the employer
<i>Vesting</i>	Credited service plus transferred service from other OkMRF employers
<i>Benefit Eligibility</i>	10 or more years of vesting service
<i>Final Average</i>	The average of the 5 highest consecutive years of <i>Compensation</i> out of the last 10 years of service
<i>Accrued Benefit</i>	Plan C - 0.75% of final average compensation multiplied by the number of years of credited service
<i>Normal Retirement Age</i>	Age 65 with 10 or more years of vesting services
<i>Normal Retirement Eligibility</i>	Termination of employment on or after normal retirement age
<i>Benefit</i>	The accrued benefit payable immediately.
<i>Early Retirement Eligibility</i>	Termination after age 55 with 10 or more years of vesting service
<i>Benefit</i>	The accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age
<i>Disability Retirement Eligibility</i>	Total and permanent disability after 10 or more years of service
<i>Benefit</i>	The accrued benefit is payable upon disablement without reduction for early retirement.

Termination Before Retirement Age

Before vesting
After vesting

Return of employee contributions, if any, with interest
The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.

In-service Death

Before vesting
After vesting

Return of employee contributions, if any, with interest
The accrued benefit payable starting at normal retirement (married participants only) age or a reduced benefit payable at an early retirement age.

After vesting
(other participants)

50% of the accrued benefit is payable for 5 years certain.

Payment Options

Normal form

The normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain

Optional forms

Disability retirement benefits are paid only under the normal form.

Other retirement benefits are available under actuarially equivalent optional forms:

Joint and 50% survivor annuity
Joint and 66 2/3% last survivor annuity
Joint and 100% survivor annuity

Cost of Living

This plan has not elected the automatic post-retirement cost-of-living adjustments

D. Actuarial Assumptions

Date of last actuarial valuation	July 1, 2022
Actuarial cost method	Entry age normal
Rate of return on investments and discount rate	7.50%
Projected salary increase based on age	Varies between 7.5% and 4.5%
Post retirement cost-of-living increase	None
Inflation rate	2.75%
Mortality Table	Pub G-2010
Percent of married employees	100%
Spouse age difference	3 years (female spouses younger)
Turnover	Select and ultimate rates. Ultimate rates are age-related as shown.

Additional rates per thousand are added during the first 5 years:

Year 1	225
Year 2	140
Year 3	100
Year 4	70
Year 5	40

E. Discount Rate

The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2022 are summarized in the following table:

Large cap stocks (S & P 500)	25%	5.80%	1.45%
Small/mid cap stocks (Russell 2500)	10%	6.40%	0.64%
Long/short equity (MSCI ACWI)	10%	5.00%	0.50%
International stocks (MSCI EAFE)	20%	6.20%	1.24%
Fixed income bonds (Barclay's Capital Aggregate)	30%	2.30%	0.69%
Real Estate (NCREIF)	5%	4.60%	0.23%
Cash equivalents (3 month Treasury)	<u>0%</u>	<u>0.00%</u>	<u>0.00%</u>
Total	<u>100%</u>		
Average real return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u>7.50%</u>

F. Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. A change in discount rate affected measurement of the total pension liability. There were no changes between the measurement date of July 1, 2022 and the Town's report ending date of June 30, 2023 that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

Schedule of Changes in Net Pension Liability

	<u>Total</u> <u>Liability</u>	<u>Increase (Decrease)</u> <u>Plan Net</u> <u>Position</u>	<u>Net Pension</u> <u>Liability</u>
Balances beginning of year	<u>\$172,511</u>	<u>\$176,137</u>	<u>\$(3,626)</u>
Changes for the year			
Service cost	7,514	--	7,514
Interest expense	12,576	--	12,576
Difference between expected and actual experience	7,935	--	7,935
Assumption changes	(3,591)	--	(3,591)
Contributions - Town	--	8,929	(8,929)
Contributions - members	--	5,249	(5,249)
Net investment income	--	(22,258)	22,258
Refunds of contributions (amortized over closed 5- year period)	--	--	--
Benefits paid	(9,830)	(9,830)	--
Plan administrative expense	--	(304)	304
Change in deferred contributions made subsequent to the measurement date	<u> --</u>	<u> --</u>	<u> --</u>
Net changes	<u>14,604</u>	<u>(18,214)</u>	<u>32,818</u>
Balances end of year	<u>\$187,115</u>	<u>\$157,923</u>	<u>\$ 29,192</u>

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net position of the Town, calculated using the discount rate of 7.5%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Net pension liability (asset)	\$ 56,419	\$ 29,192	\$ 7,353

The Town reported \$8,929 in pension expense for the year ended June 30, 2023. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,583	\$ 2,049
Changes of assumptions	370	2,925
Net difference between projected and actual earnings on pension plan investments	30,461	16,641
Town contributions subsequent to the measurement date	<u>8,929</u>	<u>--</u>
	<u>\$49,343</u>	<u>\$21,615</u>

The amounts reported as deferred outflows and deferred inflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 2,938
2025	4,478
2026	3,028
2027	8,041
2028	314
Thereafter	<u>--</u>
	<u>\$ 18,799</u>

3.I DUE TO/FROM OPERATING AND CAPITAL TRANSFERS

Kansas Public Works Authority's personnel perform services for the Town of Kansas. The Town's funds and the Authority share certain expenses. Also, certain expenses and receipts were accidentally expensed to or deposited to the wrong fund. The result is receivables/payables at June 30, 2023 as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$20,555	\$ --
Kansas PWA	<u>--</u>	<u>20,555</u>
	<u>\$20,555</u>	<u>\$20,555</u>

3.J RISK MANAGEMENT AND SUBSEQUENT EVENTS DISCLOSURE

Subsequent events have been evaluated through March 27, 2024, the date that the financial statements were available to be issued, and no additional disclosures are required.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB, but are not considered a part of the basic financial statements. Such information includes:

Defined Benefit Cost Sharing Plans:

Fire:

- Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
- Schedule of City Contributions

Defined Benefit Agent Multi-Employer Plan

OkMRF

- Schedule of change in net pension liability and related ratios
- Schedule of employer contributions

Budgetary Comparison Schedules - General Fund and Street and Drainage Fund

TOWN OF KANSAS, OKLAHOMA
REQUIRED SUPPLEMENTAL INFORMATION ON
PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Schedule of Town of Kansas Proportionate Share
Of the Net Pension Liability (Asset)
Oklahoma Firefighters Pension and Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	-- %	.002770%	.000401%	.003188%	.002306%	.002111%
City's proportionate share of the net pension liability (asset)	\$ --	\$18,245	\$4,934	\$33,681	\$25,952	\$26,549
City's covered-employee payroll	--	--	--	--	--	--
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability (asset)	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%

* The amounts present for each fiscal year were determined as of June 30.

Notes to Schedule:

Only six years are presented because 10-year data is not yet available. The Town Fire Department is all volunteer.

TOWN OF KANSAS, OKLAHOMA
REQUIRED SUPPLEMENTAL INFORMATION ON
PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Schedule of Town of Kansas Contributions
Oklahoma Firefighters Pension and Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ --	\$1,260	\$ 180	\$1,080	\$1,080	\$ 840
Contributions in relation to the Statutorily required contribution	<u>--</u>	<u>1,260</u>	<u>180</u>	<u>1,080</u>	<u>1,080</u>	<u>840</u>
Contribution deficiency (excess)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
City's covered-employee payroll	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Contributions as a percentage Of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts present for each fiscal year were determined as of June 30.

Notes to Schedule:

Only the last six years are presented because 10-year data is not yet available.

All firefighters are volunteer.

TOWN OF KANSAS, OKLAHOMA
REQUIRED SUPPLEMENTAL INFORMATION ON
PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Oklahoma Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and
Related Ratios Last Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability						
Service cost	\$ 7,514	\$ 5,724	\$ 5,467	\$6,348	\$ 5,111	\$ 5,876
Interest	12,576	11,832	11,121	11,470	10,406	9,406
Changes of benefit terms	--	--	--	2,837	--	--
Differences between expected and actual experience	7,935	3,046	3,031	(15,711)	5,722	2,746
Changes in assumptions	(3,591)	--	--	--	--	3,264
Benefit payments, including refunds of member contributions	<u>(9,830)</u>	<u>(11,486)</u>	<u>(8,848)</u>	<u>(10,320)</u>	<u>(3,909)</u>	<u>(3,906)</u>
Net change in total pension liability	14,604	9,116	(10,771)	(5,376)	17,330	17,386
Total pension liability – beginning	<u>172,511</u>	<u>163,395</u>	<u>152,624</u>	<u>158,000</u>	<u>140,670</u>	<u>123,284</u>
Total pension liability – ending	<u>\$187,115</u>	<u>\$172,511</u>	<u>\$163,395</u>	<u>\$152,624</u>	<u>\$ 158,000</u>	<u>\$ 140,670</u>
Plan fiduciary net position						
Contributions – employer	\$ 8,929	\$ 6,729	\$ 4,232	\$ 5,049	\$ 5,003	\$ 4,674
Contributions – member	5,249	4,096	2,185	2,715	3,037	2,698
Net investment income	(22,258)	38,122	5,536	8,953	8,699	12,728
Benefit payments, including refunds of member contributions	(9,830)	(11,486)	(8,848)	(10,320)	(3,909)	(3,906)
Administrative expense	(304)	(282)	(280)	(263)	--	(222)
Other	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change plan fiduciary net position	(18,214)	37,179	2,825	6,134	12,584	15,972
Plan fiduciary net position – beginning	<u>\$ 176,137</u>	<u>\$ 138,958</u>	<u>\$ 136,133</u>	<u>\$ 129,999</u>	<u>\$ 117,415</u>	<u>\$ 101,443</u>
Plan fiduciary net position - ending	<u>\$ 157,923</u>	<u>\$ 176,137</u>	<u>\$ 138,958</u>	<u>\$ 136,133</u>	<u>\$ 129,999</u>	<u>\$ 117,415</u>
Net pension liability – ending	<u>\$ 29,192</u>	<u>\$ (3,626)</u>	<u>\$ 24,437</u>	<u>\$ 16,491</u>	<u>\$ 28,001</u>	<u>\$ 23,255</u>
Plan fiduciary net position as a percentage of the total pension liability	84.40%	102.10%	85.04%	9.20%	82.28%	83.47%
Covered employee payroll	341,709	262,878	\$ 205,512	\$ 176,270	\$ 205,802	\$ 169,975
Net pension liability as a percentage of covered- employee payroll	8.54%	(1.38)%	12.07%	9.36%	13.61%	13.68%

Notes to Schedule:

Only the last six years are presented because 10-year data is not yet available.

TOWN OF KANSAS, OKLAHOMA
REQUIRED SUPPLEMENTAL INFORMATION ON
PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Oklahoma Municipal Retirement Fund
Schedule of Employer Contributions Last Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 4,485	\$(1,450)	\$ 5,975	\$ 6,065	\$ 5,049	\$ 4,674
Contributions in relation to the Actuarially determined contribution	<u>\$ 4,485</u>	<u>\$(1,450)</u>	<u>5,975</u>	<u>6,065</u>	<u>5,049</u>	<u>4,674</u>
Contribution deficiency (excess)	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Covered employee payroll	\$341,709	\$262,878	\$202,512	\$176,270	\$205,802	\$169,975
Contributions as a percentage of Covered employee payroll	1.31%	(0.55)%	2.95%	3.44%	2.45%	2.75%

Notes to Schedule:

Only the last six years are presented because 10-year data is not yet available.

TOWN OF KANSAS, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Positive (Negative)
Beginning budgetary fund balance	<u>\$ 385,373</u>	<u>\$ 385,373</u>	<u>\$ 385,373</u>	<u>\$ --</u>
Resources (inflows)				
Taxes				
Franchise taxes	9,617	9,617	22,372	12,755
Use tax	75,678	75,678	83,718	8,040
Sales tax	<u>261,119</u>	<u>261,119</u>	<u>345,651</u>	<u>84,532</u>
Total taxes	<u>346,414</u>	<u>346,414</u>	<u>451,741</u>	<u>105,327</u>
Intergovernmental				
Alcoholic beverage tax	13,567	13,567	14,611	(1,044)
Cigarette tax	<u>3,391</u>	<u>3,391</u>	<u>3,737</u>	<u>(346)</u>
Total intergovernmental	<u>16,958</u>	<u>16,958</u>	<u>18,348</u>	<u>(1,390)</u>
Fines and forfeitures				
Police fines	<u>34,415</u>	<u>34,415</u>	<u>76,189</u>	<u>41,774</u>
Investment income	<u>81</u>	<u>81</u>	<u>2,461</u>	<u>2,380</u>
Miscellaneous	<u>63,749</u>	<u>63,749</u>	<u>107,309</u>	<u>43,560</u>
Sale of assets	<u>--</u>	<u>--</u>	<u>6,836</u>	<u>6,836</u>
Transfers	<u>3,410</u>	<u>3,410</u>	<u>--</u>	<u>(3,410)</u>
Amounts available for appropriation	<u>850,400</u>	<u>850,400</u>	<u>1,048,257</u>	<u>197,857</u>
Charges to appropriations (outflows)				
Personal services	339,000	339,000	298,837	40,163
Maintenance and operation	230,400	230,400	235,985	(5,585)
Capital outlay	<u>281,000</u>	<u>281,000</u>	<u>93,360</u>	<u>187,640</u>
Total charges to operations	<u>850,400</u>	<u>850,400</u>	<u>628,182</u>	<u>222,218</u>
Ending budgetary fund balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 420,075</u>	<u>\$ 420,075</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements - Nonmajor governmental funds

TOWN OF KANSAS, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Special Revenue Funds</u>				Total Non-Major Governmental Funds
	<u>Street and Alley Fund</u>	<u>Cemetery Fund</u>	<u>Fire Cash Fund</u>	<u>Police Donation Fund</u>	
ASSETS					
Cash, including time deposits	\$ 13,256	\$ 14,803	\$ 36,238	\$ 74,829	\$ 139,126
Taxes receivable	<u>778</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>778</u>
Total assets	<u>\$ 14,034</u>	<u>\$ 14,803</u>	<u>\$ 36,238</u>	<u>\$ 74,829</u>	<u>\$ 139,904</u>
LIABILITIES					
Accounts payable	--	--	--	--	--
Due to other funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCES					
Restricted	<u>14,034</u>	<u>14,803</u>	<u>36,238</u>	<u>74,829</u>	<u>139,904</u>
Total liabilities and fund balances	<u>\$ 14,034</u>	<u>\$ 14,803</u>	<u>\$ 36,238</u>	<u>\$ 74,829</u>	<u>\$ 139,904</u>

TOWN OF KANSAS, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				Total Non-Major Governmental Funds
	Street and Alley Fund	Cemetery Fund	Fire Cash Fund	Police Donation Fund	
REVENUES					
Taxes	\$ 6,559	\$ --	\$ --	\$ --	\$ 6,559
Grants and contributions	--	2,074	47,524	20,750	70,348
Interest	74	74	237	138	523
Miscellaneous	<u>--</u>	<u>600</u>	<u>5,867</u>	<u>300</u>	<u>6,767</u>
Total revenues	<u>6,633</u>	<u>2,748</u>	<u>53,628</u>	<u>21,188</u>	<u>84,197</u>
EXPENDITURES					
Fire	--	--	62,610	--	62,610
Police and court	--	--	--	10,171	10,171
Cemetery	--	2,726	--	--	2,726
Streets	<u>5,015</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,015</u>
Total Expenditures	<u>5,015</u>	<u>2,726</u>	<u>62,610</u>	<u>10,171</u>	<u>80,522</u>
Excess (deficiency) of Revenues over expenditures	<u>1,618</u>	<u>22</u>	<u>(8,982)</u>	<u>11,017</u>	<u>3,675</u>
Other financing sources (uses)					
Fund transfers	<u>(511)</u>	<u>511</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net changes in fund balances	1,107	533	(8,982)	11,017	3,675
Fund balances - beginning	<u>12,927</u>	<u>14,270</u>	<u>45,220</u>	<u>63,812</u>	<u>136,229</u>
Fund balances - ending	<u>\$ 14,034</u>	<u>\$ 14,803</u>	<u>\$ 36,238</u>	<u>\$ 74,829</u>	<u>\$ 139,904</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Councilors
Town of Kansas, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits, contained in *Government Auditing Standards*, issued by the comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Kansas, State of Oklahoma, for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Kansas, State of Oklahoma's basic financial statements, and have issued our report thereon, dated March 27, 2024.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning, and performing, our audit of the financial statements, we considered Town of Kansas, State of Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate, in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Kansas, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Kansas, State of Oklahoma's internal control.

A *deficiency* in internal control exists when the design, or operation, of a control does not allow management, or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

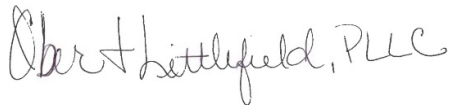
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Town of Kansas, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct, and material, effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

TOWN OF KANSAS
JUNE 30, 2023
PAGE 2

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control, or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the entity's internal control, and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Ober & Littlefield, PLLC".

OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

MARCH 27, 2024