



Certified Public Accountants

CITY OF TONGANOXIE, KANSAS

FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 2020

CITY OF TONGANOXIE, KANSAS
FINANCIAL STATEMENT
REGULATORY BASIS
Year Ended December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statement:	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash	4
Notes to Financial Statement	5 - 15
Supplementary Information:	
Schedule 1 - Summary of Expenditures – Budget and Actual	16
Schedule 2 - Schedule of Receipts and Expenditures – Budget and Actual:	
General Fund	17
Special Parks and Recreation Fund	18
Special Highway Fund	19
Library Operations Fund	20
Transient Guest Tax Fund	21
Bond and Interest Fund	22
Capital Projects Fund	23
Water Operations Fund	24
Sewer Operations Fund	25
Sanitation Fund	26
Storm Water Fund	27
Schedule 3 – Schedule of Receipts and Expenditures:	
Police Equipment Reserve Fund	28
Fire Equipment Reserve Fund	29
Law Enforcement Trust Fund	30
Infrastructure Sales Tax Fund	31
Debt Proceeds Fund	32
Gallagher Park Fund	33
Festival/Event Fund	34
Industrial Park Development Fund	35
Capital Reserve Fund	36
Water Capital Improvement Fund	37
Sewer Capital Improvement Fund	38
CDBG Urgent Need Grant Fund	39
CDBG-CV Grant Fund	40
CARES Act Grant Fund	41
Schedule 4 - Summary of Receipts and Disbursements – Agency Funds	42
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44

CITY OF TONGANOXIE, KANSAS
FINANCIAL STATEMENT
REGULATORY BASIS
Year Ended December 31, 2020

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Schedule of Findings and Questioned Costs	45 - 46
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	47 - 48
Independent Auditors' Report on Compliance for the Major Program and Report on Internal Control Over Compliance	49 - 50



INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Tonganoxie, Kansas

Report on the Financial Statement

We have audited the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Tonganoxie, Kansas (the City) as of and for the year ended December 31, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* (KMAAG) as described in Note 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States and applicable provisions of the KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the KMAAG described in Note 2.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash (the basic financial statement) as a whole. The schedules listed under supplementary information in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the KMAAG. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 2.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021 on our consideration of the City'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 City'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 the City's internal control over financial reporting and compliance.

BT&Co., P.A.

September 17, 2021
Topeka, Kansas

CITY OF TONGANOXIE, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental type funds:							
General fund:							
General	\$ 758,562	\$ -	\$ 3,061,946	\$ 2,946,772	\$ 873,736	\$ 86	\$ 873,822
Special purpose funds:							
Special parks and recreation	16,481	-	5,768	1,876	20,373	-	20,373
Special highway	349,567	-	356,517	321,066	385,018	-	385,018
Library operations	8,407	-	471,422	474,459	5,370	-	5,370
Police equipment reserve	46,014	-	21,679	20,061	47,632	-	47,632
Fire equipment reserve	156,104	-	96,890	80,098	172,896	-	172,896
Law enforcement trust	8,889	-	-	1,785	7,104	-	7,104
Transient guest tax	4,433	-	665	-	5,098	-	5,098
Infrastructure sales tax	364,387	-	500,418	462,950	401,855	-	401,855
Debt proceeds	874,231	-	2,487	748,401	128,317	-	128,317
Gallagher Park	9,934	-	100	850	9,184	-	9,184
Festival/Event	5,405	-	340	-	5,745	-	5,745
Industrial Park development	1,987,589	-	-	1,808,804	178,785	-	178,785
CDBG urgent need grant	-	-	297,819	297,819	-	-	-
CDBG-CV grant	-	-	57,400	57,400	-	-	-
CARES Act grant	-	-	834,860	834,860	-	-	-
Bond and interest fund:							
Bond and interest	93,956	-	803,033	824,646	72,343	-	72,343
Capital projects funds:							
Capital projects	672,558	-	732,815	902,660	502,713	-	502,713
Capital reserve	915	-	-	-	915	-	915
Business funds:							
Water operations	475,908	-	1,417,530	1,243,423	650,015	1,268	651,283
Water capital improvement	238,709	-	121,612	109,709	250,612	-	250,612
Sewer operations	461,806	-	1,014,483	801,093	675,196	4,186	679,382
Sewer capital improvement	320,691	-	52,825	38,733	334,783	-	334,783
Sanitation	124,014	-	413,567	393,613	143,968	-	143,968
Storm water	62,370	-	44,856	14,778	92,448	-	92,448
Total reporting entity (excluding agency funds)	<u>\$ 7,040,930</u>	<u>\$ -</u>	<u>\$ 10,309,032</u>	<u>\$ 12,385,856</u>	<u>\$ 4,964,106</u>	<u>\$ 5,540</u>	<u>\$ 4,969,646</u>

Composition of cash

General checking	\$ 4,748,812
Certificate of deposit	60,492
Investments	228,616
Total cash	5,037,920
Agency funds per Schedule 4	(68,274)
Total reporting entity (excluding agency funds)	<u>\$ 4,969,646</u>

See accompanying notes to financial statement.

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2020

1 - Municipal Financial Reporting Entity

The City of Tonganoxie, Kansas (the City) is a municipal corporation governed by an elected mayor and five-member council. The basic financial statement presents the City as the primary government and excludes all related municipal entities for which the City appointed a voting majority of the unit's board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. The financial statement of the City consists only of the funds of the primary government.

The Tonganoxie Public Library (the Library) serves the citizens within the City's jurisdiction. Acquisition or disposition of real property by the Library must be approved by the City. Bond issues must be approved by the City. The Library is not included in the report of the primary government. Financial statements for the Library may be obtained at the Library's office in Tonganoxie, Kansas.

2 - Summary of Significant Accounting Policies

(a) Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

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

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

(b) Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following regulatory basis fund types comprise the financial activities of the City for the year ended December 31, 2020:

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

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

Special purpose funds - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

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

Capital projects funds - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds - financed in whole or in part by fees charged to users of the goods or services.

Agency funds - used to report assets held by the City in a purely custodial capacity.

(c) Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. The Sanitation Fund was amended in 2020.

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

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

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

A legal operating budget is not required for the capital project funds, agency funds or the following special purpose and business funds:

Police Equipment Reserve Fund
Fire Equipment Reserve Fund
Law Enforcement Trust Fund
Infrastructure Sales Tax Fund
Debt Proceeds Fund
Gallagher Park Fund
Festival/Event Fund

Industrial Park Development Fund
Water Capital Improvement Fund
Sewer Capital Improvement Fund
CDBG Urgent Need Grant Fund
CDBG-CV Grant Fund
CARES Act Grant Fund

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

All budgets must be filed with the County Clerk by August 25th. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the County Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property on November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by the County.

Taxes levied to finance the budget are made available to the City after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the City, is on or before January 20th of the ensuing year. Additional amounts are distributed on four subsequent dates throughout the calendar year.

(d) Annual Personal and Sick Leave Benefits

It is the City's policy to permit employees to earn non-cumulative vacation at different intervals based on length of service. The liability for compensated vacation time at December 31, 2020 is approximately \$ 145,825. Sick leave accrues at 12 days per year and accumulates to a maximum of 90 days. No liability is reported for unpaid accumulated sick leave. Floating holiday is 8 hours of vacation pay per year that is assigned January 1, 2021 to all full-time employees with a use it or lose it policy over the year.

(e) Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase.

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

(f) Use of Estimates

The preparation of the financial statement in compliance with the regulatory basis requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

3 - Deposits and Investments

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

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

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

At December 31, 2020, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)
Kansas Municipal Investment Pool	\$ 228,616	Less than a year

The municipal investment pool is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The City's investment in the KMIP was not rated by a rating agency as of December 31, 2020.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's investments were composed of KMIP deposits as of December 31, 2020.

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

At December 31, 2020, the City's carrying amount of deposits was \$ 4,809,304, and the bank balance was \$ 4,913,746. Of the bank balance, \$ 250,000 was covered by federal depository insurance, and the remaining \$ 4,663,746 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. At December 31, 2020, the City's investments were not exposed to custodial credit risk.

4 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Capital Leases

The City has entered into lease agreements as the lessee for financing the acquisition of equipment.

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

Changes in long-term debt for the City for the year ended December 31, 2020 were as follows:

Long-Term Debt	Interest Rates	Date of Issue	Date of Final Maturity	Original Amount Issued	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General obligation bonds:									
Series 2000	4.85% - 6.50%	12/1/2000	9/1/2021	\$ 630,000	\$ 25,000	\$ -	\$ (10,000)	\$ 15,000	\$ 1,438
Series 2010A	2.25% - 3.15%	6/1/2010	9/1/2020	1,075,000	255,000	-	(255,000)	-	8,033
Series 2013A	2.25% - 4.30%	1/29/2013	7/1/2033	1,760,000	1,375,000	-	(85,000)	1,290,000	49,968
Series 2013B	2.00% - 2.70%	1/29/2013	8/1/2031	6,355,000	4,155,000	-	(400,000)	3,755,000	87,578
Series 2017A	3.00%	11/21/2017	9/1/2029	1,860,000	1,520,000	-	(280,000)	1,240,000	45,600
Series 2018A	3.00% - 4.00%	4/19/2018	9/1/2038	3,660,000	3,530,000	-	(135,000)	3,395,000	127,950
Total general obligation bonds					<u>\$ 10,860,000</u>	<u>\$ -</u>	<u>\$ (1,165,000)</u>	<u>\$ 9,695,000</u>	<u>\$ 320,567</u>
Capital leases and other debt:									
Police department and city hall	2.44%	2/2/2016	9/1/2035	\$ 1,100,000	\$ 916,909	\$ -	\$ (45,668)	\$ 871,241	\$ 22,373
Pierce fire truck	2.99%	12/14/2018	9/1/2028	300,449	271,950	-	(26,503)	245,447	7,956
County Road No. 1 contract	N/A	9/1/2009	9/30/2020	1,500,000	500,000	-	(500,000)	-	-
Interlocal - fairgrounds ballfield	3.97%	2/26/2010	1/31/2020	472,520	35,701	-	(35,701)	-	744
Street sweeper	1.50%	6/1/2020	3/1/2030	209,888	-	209,888	(10,922)	198,966	384
					<u>\$ 1,724,560</u>	<u>\$ 209,888</u>	<u>\$ (618,794)</u>	<u>\$ 1,315,654</u>	<u>\$ 31,457</u>

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

Annual debt service requirements to maturity for the general obligation bonds, capital leases and other debt are as follows:

	2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2040	Total
Principal:									
General obligation bonds:									
Series 2000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Series 2013A	80,000	85,000	90,000	90,000	90,000	510,000	345,000	-	1,290,000
Series 2013B	555,000	560,000	565,000	585,000	600,000	765,000	125,000	-	3,755,000
Series 2017A	300,000	305,000	80,000	85,000	90,000	380,000	-	-	1,240,000
Series 2018A	140,000	145,000	150,000	155,000	160,000	875,000	1,040,000	730,000	3,395,000
Capital leases and other debt:									
Police department and city hall	47,016	48,403	49,830	51,300	52,814	288,379	333,499	-	871,241
Pierce fire truck	27,565	28,395	29,251	30,119	31,040	99,077	-	-	245,447
Street sweeper	19,722	20,024	20,329	20,634	20,955	97,302	-	-	198,966
Total principal	1,184,303	1,191,822	984,410	1,017,053	1,044,809	3,014,758	1,843,499	730,000	11,010,654
Interest:									
General obligation bonds:									
Series 2000	863	-	-	-	-	-	-	-	863
Series 2013A	47,418	45,018	42,468	39,768	37,068	134,518	29,875	-	376,133
Series 2013B	79,578	68,478	57,278	45,978	34,278	73,413	3,372	-	362,375
Series 2017A	37,200	28,200	19,050	16,650	14,100	28,800	-	-	144,000
Series 2018A	123,900	118,300	112,500	106,500	101,850	434,250	274,200	54,000	1,325,500
Capital leases and other debt:									
Police department and city hall	21,258	20,111	18,930	17,714	16,462	62,205	24,885	-	181,565
Pierce fire truck	7,128	6,297	5,441	4,573	3,652	5,234	-	-	32,325
Street sweeper	2,966	2,665	2,359	2,055	1,734	3,775	-	-	15,554
Total interest	320,311	289,069	258,026	233,238	209,144	742,195	332,332	54,000	2,438,315
Total principal and interest	\$ 1,504,614	\$ 1,480,891	\$ 1,242,436	\$ 1,250,291	\$ 1,253,953	\$ 3,756,953	\$ 2,175,831	\$ 784,000	\$ 13,448,969

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

5 - Interfund Transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Water operations	General	K.S.A. 12-825d	\$ 112,500
Sewer operations	General	K.S.A. 12-825d	65,000
Infrastructure sales tax	Bond and interest	Bond ordinance	262,950
Infrastructure sales tax	Special highway	K.S.A. 12-825d	150,000
Water operations	Capital projects	K.S.A. 12-825d	100,000
Infrastructure sales tax	Capital projects	K.S.A. 12-825d	50,000

6 - Defined Benefit Pension Plan

General Information about the Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas Avenue, Suite 100, Topeka , Kansas 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6.00% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the City were \$ 198,924 for the year ended December 31, 2020.

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was \$ 1,839,511. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7 - County Road No. 1 Contract

In 2009, the City entered into an Interlocal agreement with Leavenworth County, Kansas to pay for the City's share of the cost of improvements to County Road No. 1. Under the \$ 1.5 million agreement, the City would pay \$ 100,000 each year for 10 years, with the final payment due on September 1, 2019. The remaining \$ 500,000 was paid by the City from its share of development fees collected within the boundaries of the corridor on September 30, 2020.

8 - Other Post-Employment Benefits

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

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

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Reimbursement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

9 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the basic financial statement as of December 31, 2020.

Project authorizations compared with expenditures-to-date for significant projects open at year-end are as follows:

	<u>Expenditures to Date</u>	<u>Project Authorization</u>
Projects in process:		
Sewer interceptor line (Linaweaver Construction, Inc.)	\$ -	\$ 2,250,000

10 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have not been significant reductions in coverage from prior years.

11 - Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the City. Accordingly, while management cannot quantify the financial and other impacts to the City as of December 31, 2020, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

12 - Subsequent Event

Subsequent events have been evaluated for the City through the date of the independent auditors' report, which is the date the financial statement was available to be issued.

CITY OF TONGANOXIE, KANSAS
NOTES TO FINANCIAL STATEMENT
(Continued)

The City issued temporary note Series 2021A in March 2021 for partial financing of the City's construction of an interceptor sewer to connect the business park and the wastewater treatment plant.

On June 21, 2021, the City of Tonganoxie City Council approved Resolution No. 06-21-04 to formally enter into a development agreement with Hill's Pet Nutrition (the Company) to purchase approximately 83 acres of city-owned property at the Tonganoxie Business Park for the construction of a minimum 300,000 square foot facility to manufacture wet pet food. The associated development agreement describes a capital investment of \$ 250,000,000 for the project as a whole and the creation of 80 new jobs. The City is committed to construct an elevated water storage tower near the business park prior to the completion of the construction of the project. The City of Tonganoxie City Council also approved a tax abatement application for this project in August 2021. As of the date of this report, construction and associated costs of the water storage tower committed by the City are expected to begin in fiscal year 2022 or 2023. The only expected costs in fiscal year 2021 will be for design.

SUPPLEMENTARY INFORMATION

CITY OF TONGANOXIE, KANSAS
SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(BUDGETED FUNDS ONLY)
Year Ended December 31, 2020

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental type funds:					
General fund:					
General	\$ 3,150,065	\$ -	\$ 3,150,065	\$ 2,946,772	\$ (203,293)
Special purpose funds:					
Special parks and recreation	5,600	-	5,600	1,876	(3,724)
Special highway	363,500	-	363,500	321,066	(42,434)
Library operations	484,232	-	484,232	474,459	(9,773)
Transient guest tax	1,500	-	1,500	-	(1,500)
Debt service fund:					
Bond and interest	825,565	-	825,565	824,646	(919)
Capital projects fund:					
Capital projects	1,016,877	-	1,016,877	902,660	(114,217)
Business funds:					
Water operations	1,287,434	-	1,287,434	1,243,423	(44,011)
Sewer operations	900,901	-	900,901	801,093	(99,808)
Sanitation	411,780	-	411,780	393,613	(18,167)
Storm water	41,000	-	41,000	14,778	(26,222)
Totals	<u>\$ 8,488,454</u>	<u>\$ -</u>	<u>\$ 8,488,454</u>	<u>\$ 7,924,386</u>	

CITY OF TONGANOXIE, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	\$ 1,975,221	\$ 2,112,563	\$ 137,342
Intergovernmental	302,000	90,458	(211,542)
Licenses and permits	81,550	176,178	94,628
Fines and fees	144,000	458,654	314,654
Use of money and property	60,000	37,346	(22,654)
Charges for services	121,000	195	(120,805)
Miscellaneous	94,796	9,052	(85,744)
Transfers in	215,000	177,500	(37,500)
Total receipts and transfers	<u>\$ 2,993,567</u>	<u>3,061,946</u>	<u>\$ 68,379</u>
Expenditures and encumbrances:			
Administration	\$ 432,654	459,193	\$ 26,539
Code enforcement	106,730	84,974	(21,756)
City planning and development	20,900	8,106	(12,794)
Police department	1,227,692	1,174,643	(53,049)
Fire department	743,010	710,175	(32,835)
Highway and streets	345,758	347,638	1,880
Swimming pool	140,481	22,325	(118,156)
Court services	132,840	139,718	6,878
Total expenditures and encumbrances	<u>\$ 3,150,065</u>	<u>2,946,772</u>	<u>\$ (203,293)</u>
Receipts and transfers over expenditures and encumbrances		115,174	
Unencumbered cash, beginning		<u>758,562</u>	
Unencumbered cash, ending		<u>\$ 873,736</u>	

(Continued)

CITY OF TONGANOXIE, KANSAS
SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	\$ 5,180	\$ 5,768	\$ 588
Expenditures:			
Contractual services	\$ 4,600	1,190	\$ (3,410)
Commodities	1,000	686	(314)
Total expenditures	\$ 5,600	1,876	\$ (3,724)
Receipts over expenditures		3,892	
Unencumbered cash, beginning		16,481	
Unencumbered cash, ending		\$ 20,373	

(Continued)

CITY OF TONGANOXIE, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	\$ 213,500	\$ 204,017	\$ (9,483)
Reimbursements	-	2,500	2,500
Transfers in	150,000	150,000	-
Total receipts and transfers	<u>\$ 363,500</u>	<u>356,517</u>	<u>\$ (6,983)</u>
Expenditures:			
Contractual services	\$ 363,500	320,057	\$ (43,443)
Capital outlay	-	1,009	1,009
Total expenditures	<u>\$ 363,500</u>	<u>321,066</u>	<u>\$ (42,434)</u>
Receipts and transfers over expenditures		35,451	
Unencumbered cash, beginning		<u>349,567</u>	
Unencumbered cash, ending		<u>\$ 385,018</u>	

(Continued)

CITY OF TONGANOXIE, KANSAS
LIBRARY OPERATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	\$ 398,822	\$ 406,102	\$ 7,280
Reimbursements	71,000	65,320	(5,680)
Total receipts	<u>\$ 469,822</u>	471,422	<u>\$ 1,600</u>
Expenditures:			
Contractual services	<u>\$ 484,232</u>	474,459	<u>\$ (9,773)</u>
Receipts under expenditures		(3,037)	
Unencumbered cash, beginning		<u>8,407</u>	
Unencumbered cash, ending		<u>\$ 5,370</u>	

(Continued)

CITY OF TONGANOXIE, KANSAS
 TRANSIENT GUEST TAX FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	\$ 1,500	\$ 665	\$ (835)
Expenditures:			
Contractual services	\$ 1,500	-	\$ (1,500)
Receipts over expenditures		665	
Unencumbered cash, beginning		4,433	
Unencumbered cash, ending		\$ 5,098	

(Continued)

CITY OF TONGANOXIE, KANSAS
 BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 (Continued)
 Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	\$ 494,941	\$ 503,634	\$ 8,693
Reimbursed expense	37,081	36,449	(632)
Transfers in	262,950	262,950	-
Total receipts and transfers	<u>\$ 794,972</u>	803,033	<u>\$ 8,061</u>
Expenditures:			
Debt service	<u>\$ 825,565</u>	824,646	<u>\$ (919)</u>
Receipts and transfers under expenditures		(21,613)	
Unencumbered cash, beginning		<u>93,956</u>	
Unencumbered cash, ending		<u>\$ 72,343</u>	

(Continued)

CITY OF TONGANOXIE, KANSAS
CAPITAL PROJECTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	\$ 467,000	\$ 571,731	\$ 104,731
Reimbursed expenses	-	11,084	11,084
Transfers in	150,000	150,000	-
Total receipts and transfers	<u>\$ 617,000</u>	<u>732,815</u>	<u>\$ 115,815</u>
Expenditures:			
Capital outlay	\$ 200,000	64,764	\$ (135,236)
Debt service	816,877	837,896	21,019
Total expenditures	<u>\$ 1,016,877</u>	<u>902,660</u>	<u>\$ (114,217)</u>
Receipts and transfers under expenditures		(169,845)	
Unencumbered cash, beginning		<u>672,558</u>	
Unencumbered cash, ending		<u>\$ 502,713</u>	

(Continued)

CITY OF TONGANOXIE, KANSAS
WATER OPERATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance - Over (Under)
Receipts:			
Taxes	\$ 7,000	\$ 8,357	\$ 1,357
Charges for services	850,000	1,398,896	548,896
Fines and fees	412,000	300	(411,700)
Miscellaneous	24,500	9,977	(14,523)
Total receipts	<u>\$ 1,293,500</u>	<u>1,417,530</u>	<u>\$ 124,030</u>
Expenditures, encumbrances, and transfers:			
Production and distribution	\$ 886,284	879,774	\$ (6,510)
Debt service	151,150	151,149	(1)
Transfers out	250,000	212,500	(37,500)
Total expenditures, encumbrances, and transfers	<u>\$ 1,287,434</u>	<u>1,243,423</u>	<u>\$ (44,011)</u>
Receipts over expenditures, encumbrances, and transfers		174,107	
Unencumbered cash, beginning		<u>475,908</u>	
Unencumbered cash, ending		<u>\$ 650,015</u>	

(Continued)

CITY OF TONGANOXIE, KANSAS
SEWER OPERATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Charges for services	\$ 859,000	\$ 1,014,483	\$ 155,483
Expenditures, encumbrances, and transfers:			
Plant operating costs	\$ 512,230	435,113	\$ (77,117)
Capital outlay	36,000	13,310	(22,690)
Debt service	287,671	287,670	(1)
Transfers out	65,000	65,000	-
Total expenditures, encumbrances, and transfers	\$ 900,901	801,093	\$ (99,808)
Receipts over expenditures, encumbrances, and transfers		213,390	
Unencumbered cash, beginning		461,806	
Unencumbered cash, ending		\$ 675,196	

(Continued)

CITY OF TONGANOXIE, KANSAS
 SANITATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
 REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts:				
Charges for services	<u>\$ 372,500</u>	<u>\$ 372,500</u>	<u>\$ 413,567</u>	<u>\$ 41,067</u>
Expenditures:				
Personnel services	\$ 45,114	\$ 45,114	33,835	\$ (11,279)
Contractual services	<u>325,000</u>	<u>366,666</u>	<u>359,778</u>	<u>(6,888)</u>
Total expenditures	<u>\$ 370,114</u>	<u>\$ 411,780</u>	<u>393,613</u>	<u>\$ (18,167)</u>
Receipts over expenditures			19,954	
Unencumbered cash, beginning			<u>124,014</u>	
Unencumbered cash, ending			<u>\$ 143,968</u>	

(Continued)

CITY OF TONGANOXIE, KANSAS
STORM WATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Charges for services	\$ 41,000	\$ 44,856	\$ 3,856
Expenditures:			
Contractual services	\$ 31,000	14,778	\$ (16,222)
Capital outlay	10,000	-	(10,000)
Total expenditures	\$ 41,000	14,778	\$ (26,222)
Receipts over expenditures		30,078	
Unencumbered cash, beginning		62,370	
Unencumbered cash, ending		\$ 92,448	

CITY OF TONGANOXIE, KANSAS
POLICE EQUIPMENT RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2020

Receipts:	
Licenses and permits	\$ 1,700
Grants and donations	9,212
Reimbursements	2,564
Miscellaneous	8,203
	<hr/>
Total receipts	21,679
	<hr/>
Expenditures:	
Capital outlay	20,061
	<hr/>
Total expenditures	20,061
	<hr/>
Receipts over expenditures	1,618
Unencumbered cash, beginning	46,014
	<hr/>
Unencumbered cash, ending	\$ 47,632
	<hr/> <hr/>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
FIRE EQUIPMENT RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Receipts:	
Special assessments	\$ 85,583
Grants and donations	11,207
Donations	<u>100</u>
Total receipts	<u>96,890</u>
Expenditures:	
Capital outlay	45,408
Debt service	<u>34,690</u>
Total expenditures	<u>80,098</u>
Receipts over expenditures	16,792
Unencumbered cash, beginning	<u>156,104</u>
Unencumbered cash, ending	<u><u>\$ 172,896</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
LAW ENFORCEMENT TRUST FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Expenditures:

Commodities	\$ 1,785
Unencumbered cash, beginning	<u>8,889</u>
Unencumbered cash, ending	<u><u>\$ 7,104</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
INFRASTRUCTURE SALES TAX FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Receipts:	
Sales and use tax	\$ 500,418
Transfers:	
Transfer out	<u>462,950</u>
Receipts over transfers	37,468
Unencumbered cash, beginning	<u>364,387</u>
Unencumbered cash, ending	<u><u>\$ 401,855</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
DEBT PROCEEDS FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2020

Receipts:	
Interest	<u>\$ 2,487</u>
Expenditures:	
Professional services	17,435
Capital improvements	<u>730,966</u>
Total expenditures	<u>748,401</u>
Receipts under expenditures	(745,914)
Unencumbered cash, beginning	<u>874,231</u>
Unencumbered cash, ending	<u><u>\$ 128,317</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
GALLAGHER PARK FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Receipts:	
Donations	\$ 100
Expenditures:	
Capital outlay	<u>850</u>
Receipts under expenditures	(750)
Unencumbered cash, beginning	<u>9,934</u>
Unencumbered cash, ending	<u><u>\$ 9,184</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
FESTIVAL/EVENT FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2020

Receipts:	
Miscellaneous	\$ 340
Unencumbered cash, beginning	<u>5,405</u>
Unencumbered cash, ending	<u><u>\$ 5,745</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
INDUSTRIAL PARK DEVELOPMENT FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Expenditures:

Professional services	\$ 41,316
Contractual services	<u>1,767,488</u>
Total expenditures	1,808,804
Unencumbered cash, beginning	<u>1,987,589</u>
Unencumbered cash, ending	<u><u>\$ 178,785</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
CAPITAL RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Unencumbered cash, beginning	\$ 915
Unencumbered cash, ending	\$ 915

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
 WATER CAPITAL IMPROVEMENT FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Receipts:	
Charges for services	\$ 120,250
Reimbursed expenses	662
Sale of property and equipment	700
	<hr/>
Total receipts	121,612
	<hr/>
Expenditures:	
Contractual services	662
Capital outlay	109,047
	<hr/>
Total expenditures	109,709
	<hr/>
Receipts over expenditures	11,903
Unencumbered cash, beginning	238,709
	<hr/>
Unencumbered cash, ending	\$ 250,612
	<hr/> <hr/>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
SEWER CAPITAL IMPROVEMENT FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Receipts:	
Charges for services	\$ 49,625
Sale of property and equipment	<u>3,200</u>
Total receipts	<u>52,825</u>
Expenditures:	
Capital outlay	<u>38,733</u>
Total expenditures	<u>38,733</u>
Receipts over expenditures	14,092
Unencumbered cash, beginning	<u>320,691</u>
Unencumbered cash, ending	<u><u>\$ 334,783</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
 CDBG URGENT NEED GRANT FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS

(Continued)

Year Ended December 31, 2020

Receipts:	
Grant receipts	\$ 297,819
Expenditures:	
Contractual services	63,550
Capital outlay	234,269
Total expenditures	297,819
Receipts over expenditures	-
Unencumbered cash, beginning	-
Unencumbered cash, ending	\$ -

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
CDBG-CV GRANT FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2020

Receipts:	
Grant receipts	\$ 57,400
Expenditures:	
Program expenditures	<u>57,400</u>
Receipts over expenditures	-
Unencumbered cash, beginning	<u>-</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
 CARES ACT GRANT FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 (Continued)
 Year Ended December 31, 2020

Receipts:	
Grant receipts	\$ 834,860
Expenditures:	
Contractual services	97,857
Commodities	5,653
Capital outlay	344,040
Program expenditures	387,310
Total expenditures	834,860
Receipts over expenditures	-
Unencumbered cash, beginning	-
Unencumbered cash, ending	\$ -

*This fund is not required to be budgeted.

CITY OF TONGANOXIE, KANSAS
 AGENCY FUNDS
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 REGULATORY BASIS
 Year Ended December 31, 2020

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Payroll clearing	\$ 51,668	\$ 2,117,181	\$ 2,114,745	\$ 54,104
Bail bonds	9,205	15,215	10,250	14,170
Revolving loan	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
	<u>\$ 61,873</u>	<u>\$ 2,132,396</u>	<u>\$ 2,125,995</u>	<u>\$ 68,274</u>

CITY OF TONGANOXIE, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Number	Expenditures
U.S. Department of Housing and Urban Development:			
Passed through the Kansas Department of Commerce:			
CDBG Urgent Needs Grant	14.228	19-IT-001	\$ 297,819
COVID-19 - CDBG-CV	14.228	20-CV-120	<u>57,400</u>
Total U.S. Department of Housing and Urban Development			<u>355,219</u>
U.S. Department of the Treasury:			
Passed through Leavenworth County:			
COVID-19 - Coronavirus Relief Fund	21.019		<u>834,860</u>
Total U.S. Department of the Treasury			<u>834,860</u>
Total federal expenditures			<u><u>\$ 1,190,079</u></u>

See accompanying notes to schedule of
expenditures of federal awards.

CITY OF TONGANOXIE, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2020

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Tonganoxie, Kansas (the City) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statement. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the regulatory basis of accounting, as described in Note 2 to the City's financial statement. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF TONGANOXIE, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2020

Section I – Summary of Auditors’ Results

Financial Statement

Type of report issued on whether the financial statement audited was prepared in accordance with GAAP:	Adverse
Type of auditors’ report issued on the basis of accounting used by the City:	Unmodified – Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None noted
Noncompliance material to the financial statement:	None

Federal Awards

Type of auditors’ report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None noted
Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a):	None
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee:	No

CITY OF TONGANOXIE, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.



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

Honorable Mayor and City Council
City of Tonganoxie, Kansas

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 summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Tonganoxie, Kansas (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated September 17, 2021. Our report contained an adverse opinion because the financial statement was presented using accounting practices prescribed or permitted by the State of Kansas.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statement 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. 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.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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 financial statement. 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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BT&Co., P.A.

September 17, 2021
Topeka, Kansas



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Mayor and City Council
City of Tonganoxie, Kansas

Report on Compliance for the Major Federal Program

We have audited the City of Tonganoxie, Kansas's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BT&Co., P.A.

September 17, 2021
Topeka, Kansas



Certified Public Accountants

CITY OF TONGANOXIE, KANSAS

Report to the City Council
September 17, 2021



September 17, 2021

Honorable Mayor and City Council
City of Tonganoxie, Kansas
P.O. Box 326
Tonganoxie, Kansas 66086

Attention: Mayor David Frese

We are pleased to present this report related to our audit of the financial statement and compliance of the City of Tonganoxie, Kansas (the City) for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for City's financial and compliance reporting process.

This report is intended solely for the information and use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the City.

BT&Co., P.A.

4301 SW Huntoon St. Topeka, KS 66604 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcccpa.com

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

CITY OF TONGANOXIE, KANSAS
Report to the City Council
September 17, 2021

TABLE OF CONTENTS

	<u>Page</u>
Required Communications	
Our Responsibilities with Regard to the Financial Statement Audit	1
Overview of the Planned Scope and Timing of the Financial Statement Audit	1
Accounting Policies and Practices	1 - 2
Audit Adjustments	2
Disagreements with Management	2
Consultations with Other Accountants	2
Significant Issues Discussed with Management	2
Significant Difficulties Encountered in Performing the Audit	2
Certain Written Communications Between Management and Our Firm	2
Representation Letter	

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America; <i>Government Auditing Standards</i> issued by the Comptroller General of the United States; the provisions of the Single Audit Act; Uniform Guidance; OMB's <i>Compliance Supplement</i> and the Kansas Municipal Audit and Accounting Guide have been described to you in our arrangement letter dated October 23, 2020.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices</p> <p>Under the KMAAG adopted by the State of Kansas (regulatory basis), in certain circumstances, management may select among alternative accounting practices. We did not discuss with management any alternative treatments related to material items during the current audit period.</p> <p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The City did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the preparation of the financial statement and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to</p>

Area	Comments
Audit Adjustments	<p>monitor throughout the year the process used to determine and record these accounting estimates.</p> <p>Audit adjustments proposed by us and recorded by the City are summarized in the attached representation letter.</p>
Disagreements with Management	<p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statement.</p>
Consultations with Other Accountants	<p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
Significant Issues Discussed with Management	<p>No significant issues arising from the audit were discussed with or the subject of correspondence with management.</p>
Significant Difficulties Encountered in Performing the Audit	<p>We did not encounter any significant difficulties in dealing with management during the audit.</p>
Certain Written Communications Between Management and Our Firm	<p>Copies of certain written communications between our firm and the management of the City, including the representation letter provided to us by management, are attached.</p>



BT&Co., P.A.
4301 SW Huntoon Street
Topeka, Kansas 66604-1659

This representation letter is provided in connection with your audit of the regulatory basis basic financial statement of the City of Tonganoxie, Kansas (the City) as of and for the year ended December 31, 2020 for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects in accordance with the Kansas Municipal Audit and Accounting Guide (KMAAG) in order to meet the requirements of the State of Kansas (regulatory basis).

We confirm, to the best of our knowledge and belief, as of the date of the auditors' report, the following representations made to you during your audit.

Financial Statement

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 23, 2020, for the preparation and fair presentation of the financial statement referred to above in accordance with the regulatory basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
2. We have identified for you all related municipal organizations.
3. We have identified for you all our funds and activities.
4. We have properly classified all funds and activities.
5. We are responsible for compliance with laws and regulations applicable to the City including adopting, approving, and amending budgets.
6. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
7. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.
8. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.



10. Interfund transactions, including interfund transfers have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the regulatory basis.
11. All events subsequent to the date of the financial statement and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the regulatory basis.
13. The following have been properly recorded and/or disclosed in the financial statement:
 - a. The fair value of investments.
 - b. Debt issue provisions.
 - c. Risk financing activities.
 - d. Deposits and investment securities categories of risk.
 - e. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - f. Leases and material amounts of rental obligations under long-term leases.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
15. We are responsible for making the accounting estimates included in the financial statement. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
16. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statement.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statement or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
 - d. Guarantees, whether written or oral, under which the City is contingently liable.
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - f. Agreements to repurchase assets previously sold.
 - g. Security agreements in effect under the Uniform Commercial Code.
 - h. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - i. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - j. Authorized but unissued bonds or notes.
 - k. Derivative financial instruments.



- l. Special and extraordinary items.
 - m. Arbitrage rebate liabilities.
 - n. Contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
 - o. Significant estimates and material concentrations known to management which are required to be disclosed.
17. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
18. The City has satisfactory title to all owned assets.
19. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
20. We agree with the findings of specialists in evaluating the net pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
21. We have no knowledge of any uncorrected misstatements in the financial statement.

Information Provided

22. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
23. All transactions have been recorded in the accounting records and are reflected in the financial statement.
24. We have disclosed to you the results of our assessment of risk that the financial statement may be materially misstated as a result of fraud.
25. We have no knowledge of allegations of fraud or suspected fraud, affecting the City's financial statement involving:
- a. Management.
 - b. Employees who have significant roles in the internal control.



- c. Others where the fraud could have a material effect on the financial statement.
26. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statement received in communications from employees, former employees, analysts, regulators, or others.
27. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
28. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statement.
29. We have disclosed to you the identity of the City's related parties and all the related-party relationships and transactions of which we are aware.
30. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize, and report financial data.
31. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
32. With respect to supplementary information presented in relation to the financial statement as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with the regulatory basis; *Government Audit Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act; Uniform Guidance; OMB's *Compliance Supplement* and the Kansas Municipal Audit and Accounting Guide.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statement, we will make the audited financial statement readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditors' report thereon.
33. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
34. With respect to financial statement preparation services and de minimis consulting services for Single Audit performed in the course of the audit:
- a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;



- d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
35. We are responsible for and have reviewed and approved the proposed adjustment to the trial balance identified during the audit, which is included in the adjusting journal entries attachment, and will post the adjustment accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statement and related notes.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statement in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
3. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statement or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
4. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statement.
6. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.
7. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
8. Has a process to track the status of audit findings and recommendations.
9. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.



10. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

1. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
2. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
3. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards that could have a material effect on its federal programs.
4. Management is responsible for the preparation of the schedule of expenditures of federal awards; acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes has been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
5. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
6. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
7. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
8. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such noncompliance.



9. Management believes that the auditee has complied with the direct and material compliance requirements.
10. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
11. Management has disclosed to the auditor any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
12. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
13. Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
14. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditors' report or stated that there were no such known instances.
15. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
16. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statement has been prepared.
17. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
18. Management has charged costs to federal awards in accordance with applicable cost principles.
19. The reporting package does not contain protected personally identifiable information.
20. Management has accurately completed the appropriate sections of the data collection form.



Very truly yours,

CITY OF TONGANOXIE, KANSAS


George Brajkovic, City Manager

Date Signed 09/17/21


Daniel Porter, Assistant City Manager

Date Signed 09/17/2021

City of Tonganoxie, Kansas
Year End: December 31, 2020
Adjusting Journal Entries

Number	Date	Name	Account No	Debit	Credit
1	12/31/2020	CERTIFICATE OF DEPOSIT	100-102 GF100	360.34	
1	12/31/2020	MISCELLANEOUS REVENUE	100-46603 GF100		-360.34

To adjust the balance of CD to actual.