

**CITY OF TORONTO, KANSAS**

Independent Auditors' Report and  
Financial Statement with  
Supplementary Information

For the Year Ended December 31, 2021

# CITY OF TORONTO, KANSAS

December 31, 2021

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**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Toronto, Kansas

***Adverse and Unmodified Opinion***

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Toronto, Kansas, as of and for the year ended December 31, 2021 and the related notes to the financial statement.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse and Unmodified Opinion" section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Toronto, Kansas as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Toronto, Kansas as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

***Basis for Adverse and Unmodified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinion.

***Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City of Toronto, Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible

for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statement***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) 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 Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional

procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Toronto, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated July 3, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipalservices>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

July 26, 2022  
Chanute, Kansas

## CITY OF TORONTO, KANSAS

## Summary Statement of Receipts, Expenditures, and Unencumbered Cash

## Regulatory Basis

For the Year Ended December 31, 2021

Funds	Beginning		Ending		Encumbrances		Cash Balance
	Unencumbered	Receipts	Expenditures	Unencumbered	and Accounts	Payable	
	Cash Balance			Balance			December 31, 2021
General	\$ 42,182.86	\$ 130,910.32	\$ 130,009.01	\$ 43,084.17	\$ 1,166.03	\$	\$ 44,250.20
Special Purpose Funds							
Library	1,317.38	3,587.19	3,587.19	1,317.38	-	-	1,317.38
Special Highway	32,049.73	7,477.52	873.55	38,653.70	-	-	38,653.70
Special Liability	10,284.32	3,054.81	4,575.60	8,763.53	-	-	8,763.53
American Rescue Plan Act	-	20,068.10	-	20,068.10	-	-	20,068.10
Equipment Reserve	8,942.92	7,537.50	8,233.44	8,246.98	-	-	8,246.98
Capital Improvement	-	199,875.00	216,975.00	(17,100.00)	17,100.00		-
Bond and Interest Fund							
G.O. Bond and Interest	25,150.00	40,994.93	48,577.50	17,567.43	-	-	17,567.43
Business Funds							
Electric Utility	98,751.97	230,232.61	228,281.28	100,703.30	11,831.50		112,534.80
Electric Utility Security Deposits	-	3,011.03	3,011.03	-	12,160.00		12,160.00
Water Utility	20,618.45	122,777.77	116,269.68	27,126.54	5,815.56		32,942.10
Sewer Utility	13,823.07	50,850.00	52,009.55	12,663.52	878.57		13,542.09
Water and Sewer Utility Surplus	565.52	-	-	565.52	-		565.52
Total Reporting Entity							
(Excluding Agency Funds)	\$ 253,686.22	\$ 820,376.78	\$ 812,402.83	\$ 261,660.17	\$ 48,951.66	\$	\$ 310,611.83
Composition of Cash:							
Cash on Hand.....						\$	200.00
Checking Account, GNBank.....							181,760.45
Water Project Checking Account, GNBank.....							4.17
Certificates of Deposit, GNBank .....							129,063.00
Total Cash .....							311,027.62
Less: Agency Funds per Schedule 3 .....							(415.79)
Total Reporting Entity(Excluding Agency Funds) .....						\$	310,611.83

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

## **CITY OF TORONTO, KANSAS**

Notes to the Financial Statement  
December 31, 2021

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statement and schedules of the City of Toronto, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

#### Financial Reporting Entity

The City of Toronto, Kansas (the City) is a municipal corporation governed by an elected six member council. This financial statement presents the City of Toronto, Kansas (the primary government).

*Related Municipal Entities:* A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

#### Toronto Public Library

The City of Toronto Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate internal financial statements are available at the Library.

#### 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 types of funds comprise the financial activities of the City of Toronto, Kansas, for the year of 2021:

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

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

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Regulatory Basis Fund Types (Continued)

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

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

### Basis of Accounting

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

The municipality 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 municipality to use the regulatory basis of accounting.

### Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for the revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

### Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statement and budget schedules comparisons presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

### Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer statewide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Budgetary Information

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

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

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. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of the 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, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose fund:

- Equipment Reserve Fund

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

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### Compliance with Kansas Statutes

As shown in Statement 1, the City was in apparent violation with K.S.A. 10-1,113. The City has obligated expenditures in excess of available monies in the Capital Improvement Fund, however, K.S.A 10-1,116 provides that under certain situations, the funds can end the year with a negative unencumbered cash balance and therefore, are exempt from the cash basis laws of the State of Kansas. These funds met the criteria under the statutes and therefore, are deemed not to be in violation of the Kansas cash basis law. As shown in Schedule 1, the City was in compliance with Kansas budget laws.

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

The City was in apparent violation of K.S.A. 10-130, which requires bond payments to be remitted to the state fiscal agency at least 20 days before the redemption of such bonds and the payment of the interest thereon. In apparent violation of K.S.A. 10-130, one bond payment was received by the Office of the State Treasurer 8 days prior to the redemption date.

## **3. DEPOSITS AND INVESTMENTS**

K.S.A 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch 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 bank provides an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2021.

At year-end, the City's carrying amount of deposits was \$310,827.62 and the bank balance was \$325,511.24. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by FDIC insurance and \$75,511.24 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

## **4. DEFINED BENEFIT PENSION PLAN**

### General Information about the Pension Plan

*Plan description.* The (non-school municipality) 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](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3

#### **4. DEFINED BENEFIT PENSION PLAN** (Continued)

members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$9,502.38 for the year ended December 31, 2021.

##### **Net Pension Liability**

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was \$56,458.00. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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 nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

#### **5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS**

##### ***Death and Disability Other Post-Employment Benefits***

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2021.

##### ***Compensated Absences:***

All full-time employees of the City with one year of employment are eligible for vacation benefits in varying annual amounts. Vacation must be used by December 31 of each year end.

Sick leave accrues to all full-time employees at the rate of one day per month to a maximum of 24 days. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and, is material.

## **5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS** (Continued)

In accordance with the above criteria, the City has estimated a liability for vacation pay in the amount of \$2,696.00. The City has not estimated the liability for sick pay which has been earned but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

### *Other Post Employment Benefits:*

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The Premium is paid in full by the insured. There is no cost to the City under this program.

## **6. ECONOMIC DEPENDENCY**

During 2021, the City sold 68.24% of its gallons of water sold to Rural Water District No. 9 and purchased 100% of its water from the City of Yates Center, Kansas.

## **7. CAPITAL LEASES**

The City has entered into a capital lease agreement dated April 25, 2018 with Girard National Bank, Yates Center Branch, for the purchase of a backhoe. The total cost was \$41,167.18. The lease requires annual payments of \$8,233.44, including interest at 4.09% per annum, over the next five years, maturing April 25, 2023. Debt requirements are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2022	\$ 8,233.44
2023	<u>8,233.42</u>
	<u>16,466.86</u>
Less: Imputed Interest	<u>(970.44)</u>
Net Present Value of Minimum	
Lease Payments	15,496.42
Less: Current Maturities	<u>(7,590.83)</u>
Long-Term Capital Lease Obligations	<u>\$ 7,905.59</u>

**8. LONG-TERM DEBT**

Changes in long-term liabilities for the City for the year ended December 31, 2021, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Paid By Tax Levies:									
Series 2014A	1.8-2.65%	September 29, 2014	\$ 390,000.00	September 1, 2023	\$ 135,000.00	\$ -	\$ 45,000.00	\$ 90,000.00	\$ 3,577.50
Revolving Loans:									
Kansas Public Water Supply 2971	1.30%	February 10, 2021	1,090,000.00	February 1, 2024	-	216,975.00	-	216,975.00	56.47
Capital Lease:									
Backhoe	4.09%	April 25, 2018	36,500.00	April 25, 2023	22,785.01	-	7,288.59	15,496.42	944.85
Total Contractual Indebtedness					<u>\$ 157,785.01</u>	<u>\$ 216,975.00</u>	<u>\$ 52,288.59</u>	<u>\$ 322,471.42</u>	<u>\$ 4,578.82</u>

## 8. LONG-TERM DEBT (Continued)

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

Issue	2022	2023	2024	Less: Proceeds not Drawn	Total
Principal					
General Obligation Bonds:					
Paid By Tax Levies:					
Series 2014A	\$ 45,000.00	\$ 45,000.00	\$ -	\$ -	\$ 90,000.00
Revolving Loans:					
Kansa Public Water Supply 2971	-	-	1,090,000.00	(873,025.00)	216,975.00
Capital Lease:					
Backhoe	7,590.83	7,905.59	-	-	15,496.42
Total Principal Payments	52,590.83	52,905.59	1,090,000.00	(873,025.00)	322,471.42
Interest					
General Obligation Bonds:					
Paid By Tax Levies:					
Series 2014A	2,385.00	1,192.50	-	-	3,577.50
Revolving Loans:					
Kansa Public Water Supply 2971	-	-	7,028.53	-	7,028.53
Capital Lease:					
Backhoe	642.61	327.83	-	-	970.44
Total Interest Payments	3,027.61	1,520.33	7,028.53	-	11,576.47
Total Principal and Interest	\$ 55,618.44	\$ 54,425.92	\$ 1,097,028.53	\$ (873,025.00)	\$ 334,047.89

## **9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

## **10. OTHER COMMITMENTS AND CONCENTRATIONS**

On May 9<sup>th</sup>, 2019, the City entered into a contract with Westar Energy regarding the following:

Beginning June 1, 2019 and ending May 31, 2025, the City will pay Westar a fixed demand fee of \$495 per month and \$0.052 per kilowatt-hour used by the city in providing electricity to its customers.

The City is responsible for arranging and paying for all required transmission and certain ancillary services as well as any wholesale distribution services to deliver the Full Requirements Electric Service from the point of delivery to the point of receipt.

## **11. INTERFUND TRANSFERS**

Operating and residual transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Equipment Reserve	K.S.A. 12-1,117	\$ 2,500.00
Water Utility	G.O. Bond and Interest	K.S.A. 12-825d	12,000.00
Sewer Utility	G.O. Bond and Interest	K.S.A. 12-825d	6,000.00
Electric Utility	General	K.S.A. 12-825d	17,500.00
Electric Utility	Equipment Reserve	K.S.A. 12-825d	5,000.00

## **12. CONTINGENCIES**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022. Future potential impacts include a decline in sales tax collections and utility collections.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City. For the year ended December 31, 2021, the City received \$20,068.10 as a result of the American Rescue Plan Act, of which \$0.00 has been spent at year end.

### **13. SUBSEQUENT EVENTS**

The City evaluated events and transactions occurring subsequent year end, in February 2022 the city council awarded Superior Excavating a contract for the water system improvement project in the amount of \$1,496,323.03 set to start in September 2022. The council also contracted with Maguire Iron, Inc. for improvements to the water tower in the amount of \$56,500.00. The water tower improvements were complete in June 2022. Both projects are to be paid for through the revolving loan.



## **SUPPLEMENTARY INFORMATION**

**Schedule 1**

**CITY OF TORONTO, KANSAS**  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
(Budgeted Funds Only)  
For the Year Ended December 31, 2021

Funds	Adjustments for		Total	Expenditures Chargeable to Current Year	Variance - Over (Under)
	Total Certified Budget	Qualifying Budget Credits	Certified Budget for Comparison		
General	\$ 130,471.00	\$ -	130,471.00	\$ 130,009.01	\$ (461.99)
Special Purpose Funds					
Library	3,469.00	532.40	4,001.40	3,587.19	(414.21)
Special Highway	38,248.00	-	38,248.00	873.55	(37,374.45)
Special Liability	14,045.00	-	14,045.00	4,575.60	(9,469.40)
Bond and Interest Fund					
G.O. Bond and Interest	66,767.00	-	66,767.00	48,577.50	(18,189.50)
Business Funds					
Electric Utility	312,948.00	-	312,948.00	228,281.28	(84,666.72)
Water Utility	118,709.00	-	118,709.00	116,269.68	(2,439.32)
Sewer Utility	53,075.00	-	53,075.00	52,009.55	(1,065.45)

**CITY OF TORONTO, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year		Variance - Over (Under)
	Actual	Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 27,489.84	\$ 28,325.01	\$ 33,151.00	\$ (4,825.99)
Delinquent Tax	3,178.88	3,352.81	3,285.00	67.81
Motor Vehicle Tax	5,684.10	6,197.82	4,888.00	1,309.82
Recreational Vehicle Tax	37.27	250.31	27.00	223.31
16M and 20M Tax	604.22	665.49	782.00	(116.51)
Sales Tax	24,504.39	29,775.61	23,824.00	5,951.61
Franchise Tax	2,845.95	2,695.02	2,929.00	(233.98)
Special Assessments	500.00	871.40	-	871.40
Intergovernmental				
COVID-19 Grant Proceeds	11,700.00	-	-	-
Highway Connecting Links	8,035.53	8,024.47	6,023.00	2,001.47
Local Alcoholic Liquor Tax	-	553.11	226.00	327.11
Charges for Services	558.28	376.00	81.00	295.00
Licenses and Permits	367.50	710.50	202.00	508.50
Fines, Forfeitures and Penalties	291.00	1,531.00	317.00	1,214.00
Use of Money and Property				
Interest Income	1,638.29	660.10	1,806.00	(1,145.90)
Insurance Proceeds	-	24,693.74	-	24,693.74
Rental Income	-	583.87	-	583.87
Other Receipts				
Donations	500.00	(500.00)	-	(500.00)
Miscellaneous	1,336.75	400.00	1,058.00	(658.00)
Reimbursed Expense	3,777.80	4,244.06	2,825.00	1,419.06
Operating Transfers from				
Electric Utility Fund	17,500.00	17,500.00	17,500.00	-
Total Receipts	110,549.80	130,910.32	\$ 98,924.00	\$ 31,986.32
Expenditures				
General Government				
Personal Services	60,788.77	68,913.41	\$ 54,337.00	\$ 14,576.41
Contractual Services	26,002.08	33,135.24	37,000.00	(3,864.76)
Commodities	12,631.36	6,802.09	12,000.00	(5,197.91)
Capital Outlay	10,171.75	14,435.00	5,000.00	9,435.00

**CITY OF TORONTO, KANSAS**  
**GENERAL FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Public Safety				
Fire Department				
Contractual Services	\$ 578.60	\$ 1,092.65	\$ 3,250.00	\$ (2,157.35)
Commodities	3,287.91	2,253.49	250.00	2,003.49
Capital Outlay	-	383.88	-	383.88
Municipal Court				
Personal Services	161.62	-	-	-
Contractual Services	-	158.13	1,500.00	(1,341.87)
Commodities	48.38	75.00	100.00	(25.00)
Highways and Streets				
Personal Services	-	-	1,000.00	(1,000.00)
Contractual Services	150.27	-	500.00	(500.00)
Commodities	1,484.05	203.65	3,000.00	(2,796.35)
Capital Outlay	-	-	6,034.00	(6,034.00)
Culture and Recreation				
Parks and Recreation				
Contractual Services	108.00	-	-	-
Commodities	-	-	500.00	(500.00)
Debt Services				
Interest	-	15.20	-	15.20
Service Fees	-	41.27	-	41.27
Library Board				
Appropriations	1,243.00	-	3,500.00	(3,500.00)
Operating Transfers to Equipment Reserve Fund	2,500.00	2,500.00	2,500.00	-
Total Expenditures	119,155.79	130,009.01	\$ 130,471.00	\$ (461.99)
Receipts Over(Under) Expenditures	(8,605.99)	901.31		
Unencumbered Cash, Beginning	50,788.85	42,182.86		
Unencumbered Cash, Ending	\$ 42,182.86	\$ 43,084.17		

**CITY OF TORONTO, KANSAS**  
**LIBRARY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 2,231.55	\$ 2,207.01	\$ 2,582.00	\$ (374.99)
Delinquent Tax	260.14	271.06	256.00	15.06
Motor Vehicle Tax	457.03	503.11	397.00	106.11
Recreational Vehicle Tax	3.00	20.33	2.00	18.33
16M and 20M Tax	49.17	53.28	64.00	(10.72)
Intergovernmental				
COVID-19 Grant Proceeds	1,243.00	-	-	-
Other Receipts				
Reimbursed Expense	465.20	532.40	424.00	108.40
Total Receipts	4,709.09	3,587.19	\$ 3,725.00	\$ (137.81)
Expenditures				
Culture and Recreation				
Contractual	465.20	532.40	\$ 424.00	\$ 108.40
Appropriation to Library Board	2,926.51	3,054.79	3,045.00	9.79
Total Certified Budget			3,469.00	118.19
Adjustments for Qualifying				
Budget Credits			532.40	(532.40)
Total Expenditures	3,391.71	3,587.19	\$ 4,001.40	\$ (414.21)
Receipts Over(Under) Expenditures	1,317.38	-		
Unencumbered Cash, Beginning	-	1,317.38		
Unencumbered Cash, Ending	\$ 1,317.38	\$ 1,317.38		

**CITY OF TORONTO, KANSAS**  
**SPECIAL HIGHWAY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
State Gasoline Tax Payments	\$ 6,896.68	\$ 7,477.52	\$ 5,970.00	\$ 1,507.52
Total Receipts	6,896.68	7,477.52	\$ 5,970.00	\$ 1,507.52
Expenditures				
Highways and Streets				
Contractual Services	548.13	873.55	\$ 5,000.00	\$ (4,126.45)
Commodities	-	-	33,248.00	(33,248.00)
Total Expenditures	548.13	873.55	\$ 38,248.00	\$ (37,374.45)
Receipts Over(Under) Expenditures	6,348.55	6,603.97		
Unencumbered Cash, Beginning	25,701.18	32,049.73		
Unencumbered Cash, Ending	\$ 32,049.73	\$ 38,653.70		

**CITY OF TORONTO, KANSAS**  
**SPECIAL LIABILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 2,231.55	\$ 2,207.01	\$ 2,582.00	\$ (374.99)
Delinquent Tax	260.14	271.06	256.00	15.06
Motor Vehicle Tax	457.01	503.14	397.00	106.14
Recreational Vehicle Tax	3.00	20.32	2.00	18.32
16M and 20M Tax	49.17	53.28	64.00	(10.72)
Total Receipts	3,000.87	3,054.81	<u>\$ 3,301.00</u>	<u>\$ (246.19)</u>
Expenditures				
General Government				
Contractual Services	4,185.20	4,575.60	\$ 14,045.00	\$ (9,469.40)
Total Expenditures	4,185.20	4,575.60	<u>\$ 14,045.00</u>	<u>\$ (9,469.40)</u>
Receipts Over(Under) Expenditures	(1,184.33)	(1,520.79)		
Unencumbered Cash, Beginning	11,468.65	10,284.32		
Unencumbered Cash, Ending	<u>\$ 10,284.32</u>	<u>\$ 8,763.53</u>		

**CITY OF TORONTO, KANSAS**  
**AMERICAN RESCUE PLAN ACT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Intergovernmental		
American Rescue Plan Act Funds	\$ -	\$ 20,068.10
Total Receipts	-	20,068.10
Expenditures		
General Government		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	20,068.10
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 20,068.10



**CITY OF TORONTO, KANSAS**  
**EQUIPMENT RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of Money and Property		
Interest Income	\$ 119.22	\$ 37.50
Operating Transfers from		
General Fund	2,500.00	2,500.00
Electric Utility Fund	5,000.00	5,000.00
	<u>7,619.22</u>	<u>7,537.50</u>
Total Receipts		
Expenditures		
Debt Service		
Backhoe Lease	8,233.44	8,233.44
	<u>8,233.44</u>	<u>8,233.44</u>
Total Expenditures		
	<u>8,233.44</u>	<u>8,233.44</u>
Receipts Over(Under) Expenditures	(614.22)	(695.94)
Unencumbered Cash, Beginning	9,557.14	8,942.92
	<u>9,557.14</u>	<u>8,942.92</u>
Unencumbered Cash, Ending	\$ 8,942.92	\$ 8,246.98
	<u>\$ 8,942.92</u>	<u>\$ 8,246.98</u>

**CITY OF TORONTO, KANSAS**  
**CAPITAL IMPROVEMENT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Revolving Loan Proceeds	\$ -	\$ 199,875.00
Total Receipts	-	199,875.00
Expenditures		
Capital Projects		
Capital Outlay	-	216,975.00
Total Expenditures	-	216,975.00
Receipts Over(Under) Expenditures	-	(17,100.00)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ (17,100.00)

**CITY OF TORONTO, KANSAS**  
**G.O. BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 16,802.23	\$ 16,609.38	\$ 19,439.00	\$ (2,829.62)
Delinquent Tax	2,005.85	2,042.46	1,926.00	116.46
Motor Vehicle Tax	3,446.21	3,788.20	2,988.00	800.20
Recreational Vehicle Tax	22.60	153.01	17.00	136.01
16M and 20M Tax	370.30	401.88	478.00	(76.12)
Operating Transfers from:				
Water Utility Fund	12,000.00	12,000.00	12,000.00	-
Sewer Utility Fund	6,000.00	6,000.00	6,000.00	-
Total Receipts	40,647.19	40,994.93	\$ 42,848.00	\$ (1,853.07)
Expenditures				
Debt Service				
Principal	45,000.00	45,000.00	\$ 45,000.00	\$ -
Interest	4,770.00	3,577.50	3,578.00	(0.50)
Cash Basis Reserve	-	-	18,189.00	(18,189.00)
Total Expenditures	49,770.00	48,577.50	\$ 66,767.00	\$ (18,189.50)
Receipts Over(Under) Expenditures	(9,122.81)	(7,582.57)		
Unencumbered Cash, Beginning	34,272.81	25,150.00		
Unencumbered Cash, Ending	\$ 25,150.00	\$ 17,567.43		

**CITY OF TORONTO, KANSAS**  
**ELECTRIC UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Consumer Sales	\$ 200,818.98	\$ 225,757.19	\$ 203,566.00	\$ 22,191.19
Penalties	5,601.60	4,209.49	6,078.00	(1,868.51)
Connect and Reconnect Fees	365.00	260.00	153.00	107.00
Other Receipts				
Miscellaneous	6.25	-	430.00	(430.00)
Reimbursed Expense	310.00	5.93	-	5.93
Total Receipts	207,101.83	230,232.61	\$ 210,227.00	\$ 20,005.61
Expenditures				
Production				
Contractual Services	117,114.74	133,391.28	\$ 128,076.00	\$ 5,315.28
Transmission and Distribution				
Personal Services	33,358.59	47,562.15	30,195.00	17,367.15
Contractual Services	12,217.99	9,598.33	12,000.00	(2,401.67)
Commodities	13,192.99	6,102.79	15,000.00	(8,897.21)
Capital Outlay	17,904.19	9,126.73	104,177.00	(95,050.27)
Operating Transfers to:				
General Fund	17,500.00	17,500.00	17,500.00	-
Equipment Reserve Fund	5,000.00	5,000.00	6,000.00	(1,000.00)
Total Expenditures	216,288.50	228,281.28	\$ 312,948.00	\$ (84,666.72)
Receipts Over(Under) Expenditures	(9,186.67)	1,951.33		
Unencumbered Cash, Beginning	107,938.64	98,751.97		
Unencumbered Cash, Ending	\$ 98,751.97	\$ 100,703.30		

**CITY OF TORONTO, KANSAS**  
**ELECTRIC UTILITY SECURITY DEPOSITS FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of Money and Property		
Interest Income	\$ 21.88	\$ 11.03
Other Receipts		
Security Deposits Received	<u>3,800.00</u>	<u>3,000.00</u>
Total Receipts	<u>3,821.88</u>	<u>3,011.03</u>
Expenditures		
General Government		
Security Deposits Refunded	<u>3,821.88</u>	<u>3,011.03</u>
Total Expenditures	<u>3,821.88</u>	<u>3,011.03</u>
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TORONTO, KANSAS**  
**WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Charges for Services				
Consumer Sales	\$ 118,663.77	\$ 122,153.03	\$ 104,312.00	\$ 17,841.03
Bulk Sales	366.00	229.00	200.00	29.00
Connect and Reconnect Fees	325.00	250.00	160.00	90.00
Use of Money and Property				
Interest Income	266.93	115.74	355.00	(239.26)
Other Receipts				
Miscellaneous	128.39	30.00	-	30.00
Total Receipts	119,750.09	122,777.77	\$ 105,027.00	\$ 17,750.77
Expenditures				
Transmission and Distribution				
Personal Services	19,485.29	24,631.01	\$ 17,955.00	\$ 6,676.01
Contractual Services	9,784.45	11,678.44	9,000.00	2,678.44
Commodities	68,096.41	67,960.23	70,000.00	(2,039.77)
Capital Outlay	-	-	9,754.00	(9,754.00)
Operating Transfers to				
G.O. Bond and Interest Fund	12,000.00	12,000.00	12,000.00	-
Total Expenditures	109,366.15	116,269.68	\$ 118,709.00	\$ (2,439.32)
Receipts Over(Under) Expenditures	10,383.94	6,508.09		
Unencumbered Cash, Beginning	10,234.51	20,618.45		
Unencumbered Cash, Ending	\$ 20,618.45	\$ 27,126.54		

**CITY OF TORONTO, KANSAS**  
**SEWER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Charges for Services				
Consumer Sales	\$ 48,919.74	\$ 50,827.25	\$ 45,866.00	\$ 4,961.25
Use of Money and Property				
Interest Income	49.13	22.75	73.00	(50.25)
Total Receipts	48,968.87	50,850.00	\$ 45,939.00	\$ 4,911.00
Expenditures				
Transmission and Distribution				
Personal Services	18,152.28	24,444.18	\$ 17,976.00	\$ 6,468.18
Contractual Services	10,012.60	12,051.52	9,573.00	2,478.52
Commodities	9,078.70	9,513.85	14,987.00	(5,473.15)
Capital Outlay	-	-	4,539.00	(4,539.00)
Operating Transfers to				
G.O. Bond and Interest Fund	6,000.00	6,000.00	6,000.00	-
Total Expenditures	43,243.58	52,009.55	\$ 53,075.00	\$ (1,065.45)
Receipts Over(Under) Expenditures	5,725.29	(1,159.55)		
Unencumbered Cash, Beginning	8,097.78	13,823.07		
Unencumbered Cash, Ending	\$ 13,823.07	\$ 12,663.52		

**CITY OF TORONTO, KANSAS**  
**WATER AND SEWER UTILITY SURPLUS FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts	\$ -	\$ -
Expenditures		
Commodities	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>565.52</u>	<u>565.52</u>
Unencumbered Cash, Ending	<u>\$ 565.52</u>	<u>\$ 565.52</u>



**CITY OF TORONTO, KANSAS**  
**AGENCY FUNDS**  
Schedule of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2021

<u>Funds</u>	<u>Beginning Cash Balances</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balances</u>
Electric Utility-Sales Tax Fund	\$ 607.13	\$ 4,236.91	\$ 4,428.27	\$ 415.77
Water Protection Fee Fund	37.17	125.08	162.23	0.02
Totals	<u>\$ 644.30</u>	<u>\$ 4,361.99</u>	<u>\$ 4,590.50</u>	<u>\$ 415.79</u>



The Honorable Mayor and City Council  
City of Toronto, Kansas

In planning and performing our audit of the financial statement of the City of Toronto, Kansas as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Toronto, Kansas' 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 of Toronto, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Toronto, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

#### Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

#### Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statements. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

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Daily Deposits

During our testing of utility billing collections it was noted the City did not retain the daily deposit log produced by your utility software. These reports should be kept and reconciled with the daily deposit as to provide an audit trail to individual customer payments.

This communication is intended solely for the information and use of management, City Council, and others within the City of Toronto, Kansas, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
July 26, 2022