

CITY OF TONGANOXIE, KANSAS

FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 2023

CITY OF TONGANOXIE, KANSAS
FINANCIAL STATEMENT
REGULATORY BASIS
Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Tonganoxie, Kansas

Report on the Audit of the Financial Statement

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Tonganoxie, Kansas (the City) as of and for the year ended December 31, 2023 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2023, 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* (KMAAG) described in Note 2.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards),* and the KMAAG. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 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.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the 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.

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 within one year after the date that the financial statement is issued or available to be issued.

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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from 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 and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (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*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statement. 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 2 or on the basis of accounting described in the notes to the schedule of expenditures of federal awards.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2024, 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.

August 29, 2024
Topeka, Kansas

CITY OF TONGANOXIE, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
Year Ended December 31, 2023

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	$ 1,228,539	$ -	$ 4,536,842	$ 3,839,731	$ 1,925,650	$ 75	$ 1,925,725
Special purpose funds:							
Special parks and recreation	20,458	-	4,365	4,984	19,839	-	19,839
Special highway	839,836	-	416,877	595,183	661,530	-	661,530
Library operations	1,109	-	582,990	572,442	11,657	-	11,657
Police equipment reserve	40,531	-	17,612	7,923	50,220	-	50,220
Fire equipment reserve	268,527	-	116,504	184,908	200,123	-	200,123
Transient guest tax	7,397	-	1,905	-	9,302	-	9,302
Infrastructure sales tax	767,995	-	777,743	437,500	1,108,238	-	1,108,238
Debt proceeds	1,759,401	-	3,596,969	4,725,104	631,266	-	631,266
Gallagher Park	9,184	-	-	1,151	8,033	-	8,033
Festival/Event	4,593	-	310	500	4,403	-	4,403
Industrial Park development	169,951	-	108,880	56,257	222,574	-	222,574
Rural housing incentive district	340	-	22,774	22,636	478	-	478
Rural housing incentive district 2	-	-	3,820	-	3,820	-	3,820
American Rescue Plan Act grant	765,857	-	-	765,857	-	657,272	657,272
Opioid addiction	-	-	17,280	-	17,280	-	17,280
Bond and interest fund:							
Bond and interest	248,373	-	801,985	801,009	249,349	-	249,349
Capital projects funds:							
Capital projects	1,779,411	-	958,242	796,075	1,941,578	-	1,941,578
Capital reserve	915	-	-	-	915	-	915
Business funds:							
Water operations	898,243	-	1,653,336	1,842,187	709,392	1,268	710,660
Water capital improvement	628,266	-	48,417	309,926	366,757	-	366,757
Sewer operations	641,129	-	1,062,010	1,116,980	586,159	4,186	590,345
Sewer capital improvement	739,181	-	48,069	402,186	385,064	127,892	512,956
Sanitation	225,343	-	453,051	394,248	284,146	-	284,146
Storm water	56,587	-	48,599	6,069	99,117	-	99,117
Total reporting entity (excluding agency funds)	$ 11,101,166	$ -	$ 15,278,580	$ 16,882,856	$ 9,496,890	$ 790,693	$ 10,287,583

Composition of cash	
General checking	8,740,356
Certificate of deposit	61,447
Kansas Municipal Investment Pool	1,550,487
Total cash	10,352,290
Agency funds per Schedule 4	(64,707)
Total reporting entity (excluding agency funds)	$ 10,287,583

See accompanying notes to financial statement.

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 entity's board and the City is either able to impose its will on the entity 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 located at 217 E. 4th Street, 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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

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

(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, 2023:

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 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.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for this budget year.

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 Special Highway and Capital Projects Funds were amended in 2023.

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.

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
Infrastructure Sales Tax Fund
Debt Proceeds Fund
Gallagher Park Fund
Festival/Event Fund
Industrial Park Development Fund
Rural Housing Incentive District Fund
Rural Housing Incentive District 2 Fund
American Rescue Plan Act Grant Fund
Opioid Addiction Fund
Water Capital Improvement Fund
Sewer Capital Improvement Fund

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

(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, 2023 is approximately $ 168,000. 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 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.

(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.

At December 31, 2023, the City had the following investments:

Investment Type	Fair Value	Rating	Investment Maturities (in Years)
Kansas Municipal Investment Pool	$ 1,550,487	Not Rated	Less than a year

The KMIP 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, 2023.

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, 2023.

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, 2023, the City's carrying amount of deposits was $ 8,801,803, and the bank balance was $ 9,120,232. Of the bank balance, $ 250,000 was covered by federal depository insurance, and the remaining $ 8,870,232 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, 2023, the City's investments were not exposed to custodial credit risk.

4 - Long-Term Debt

The City issues general obligation bonds and temporary notes to provide funds for the acquisition and construction of major capital facilities. The City has entered into lease agreements as the lessee for financing the acquisition of equipment.

Changes in long-term debt for the City for the year ended December 31, 2023 were as follows:

Long-Term Debt	Interest Rates	Date of Issue	Date of Final Maturity	Original Amount Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Refundings	Balance End of Year	Interest Paid
General obligation bonds:										
Series 2013B	2.00% - 2.70%	1/29/2013	8/1/2031	$ 6,355,000	$ 2,640,000	$ -	$ (565,000)	$ -	$ 2,075,000	$ 57,278
Series 2017A	3.00%	11/21/2017	9/1/2029	1,860,000	635,000	-	(80,000)	-	555,000	19,050
Series 2018A	3.00% - 4.00%	4/19/2018	9/1/2038	3,660,000	3,110,000	-	(150,000)	-	2,960,000	112,500
Series 2022A	1.80% - 2.00%	2/28/2022	9/1/1932	1,015,000	1,015,000	-	(95,000)	-	920,000	19,970
Series 2022B	2.00% - 2.60%	3/3/2022	9/1/1933	1,155,000	1,155,000	-	(90,000)	-	1,065,000	38,011
Total general obligation bonds					$ 8,555,000	$ -	$ (980,000)	$ -	$ 7,575,000	$ 246,809
Temporary notes:										
Series 2022C	3.00%	3/3/2022	3/1/2023	$ 2,780,000	$ 2,780,000	$ -	$ (2,780,000)	$ -	$ -	$ 82,937
Series 2023A	2.95%	2/28/2023	3/1/2025	2,380,000	-	2,380,000	-	-	2,380,000	35,690
Total temporary notes					$ 2,780,000	$ 2,380,000	$ (2,780,000)	$ -	$ 2,380,000	$ 118,627
Finance leases:										
Police department and city hall	2.44%	2/2/2016	9/1/2035	$ 1,100,000	$ 775,822	$ -	$ (49,830)	$ -	$ 725,992	$ 18,930
Pierce fire truck	2.99%	12/14/2018	9/1/2028	300,449	189,487	-	(29,251)	-	160,236	5,441
Street sweeper	1.50%	6/1/2020	4/1/2030	209,888	159,280	-	(20,292)	-	138,988	2,321
Total finance leases					$ 1,124,589	$ -	$ (99,373)	$ -	$ 1,025,216	$ 26,692

Annual debt service requirements to maturity for the general obligation bonds, temporary note and finance leases are as follows:

	2024	2025	2026	2027	2028	2029-2033	2034-2038	Total
Principal:								
General obligation bonds:								
Series 2013B	$ 585,000	$ 600,000	$ 155,000	$ 160,000	$ 160,000	$ 415,000	$ -	$ 2,075,000
Series 2017A	85,000	90,000	95,000	90,000	95,000	100,000	-	555,000
Series 2018A	155,000	160,000	165,000	170,000	175,000	965,000	1,170,000	2,960,000
Series 2022A	95,000	95,000	100,000	100,000	100,000	430,000	-	920,000
Series 2022B	100,000	100,000	100,000	105,000	105,000	555,000	-	1,065,000
Temporary note:								
Series 2023A	-	2,380,000	-	-	-	-	-	2,380,000
Finance leases:								
Police department and city hall	51,300	52,814	54,372	55,976	57,627	314,661	139,242	725,992
Pierce fire truck	30,119	31,040	31,975	32,939	34,163	-	-	160,236
Street sweeper	20,591	20,907	21,222	21,542	21,864	32,862	-	138,988
Total principal	1,122,010	3,529,761	722,569	735,457	748,654	2,812,523	1,309,242	10,980,216
Interest:								
General obligation bonds:								
Series 2013B	45,978	34,278	22,278	18,635	14,875	21,000	-	157,044
Series 2017A	16,650	14,100	11,400	8,550	5,850	3,000	-	59,550
Series 2018A	106,500	101,850	97,050	92,100	87,000	355,300	153,800	993,600
Series 2022A	18,070	16,170	14,270	12,270	10,270	20,600	-	91,650
Series 2022B	23,635	21,635	19,635	17,635	15,535	41,350	-	139,425
Temporary note:								
Series 2023A	70,210	35,105	-	-	-	-	-	105,315
Finance leases:								
Police department and city hall	17,714	16,462	15,174	13,847	12,481	40,467	5,121	121,266
Pierce fire truck	4,573	3,652	2,717	1,753	764	-	-	13,459
Street sweeper	2,021	1,705	1,391	1,071	749	480	-	7,417
Total interest	305,351	244,957	183,915	165,861	147,524	482,197	158,921	1,688,726
Total principal and interest	$ 1,427,361	$ 3,774,718	$ 906,484	$ 901,318	$ 896,178	$ 3,294,720	$ 1,468,163	$ 12,668,942

Industrial Revenue Bonds

The City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisitions and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State of Kansas, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. As of December 31, 2023, there was one industrial revenue bond outstanding with a principal amount payable of $ 256,076.

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	37,500
Infrastructure Sales Tax	Bond and Interest	Bond Ordinance	262,500
Infrastructure Sales Tax	Special Highway	K.S.A. 12-1,119	175,000
Water Operations	Capital Projects	K.S.A. 12-825d	50,000
Sewer Operations	Capital Projects	K.S.A. 12-825d	80,000

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 Annual Comprehensive 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 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $ 229,095 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $ 2,284,870. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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 - 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, 2023.

8 - 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 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, 2023.

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

	Expenditures to Date	Project Authorization
Projects in process:		
Water Tower Construction Project (Caldwell Tanks, Inc.)	$ 2,929,469	$ 3,299,000
2023 4th Street Bridge Replacement Project (Design Engineering Contract with BG Consultants)	33,375	95,500

9 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters 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.

SUPPLEMENTARY INFORMATION

CITY OF TONGANOXIE, KANSAS
SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(BUDGETED FUNDS ONLY)
Year Ended December 31, 2023

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	$ 4,826,320	$ -	$ 4,826,320	$ 3,839,731	$ (986,589)
Special purpose funds:					
Special parks and recreation	5,000	-	5,000	4,984	(16)
Special highway	631,000	-	631,000	595,183	(35,817)
Library operations	620,899	-	620,899	572,442	(48,457)
Transient guest tax	1,100	-	1,100	-	(1,100)
Bond and interest fund:					
Bond and interest	1,009,518	-	1,009,518	801,009	(208,509)
Capital projects fund:					
Capital projects	1,118,613	-	1,118,613	796,075	(322,538)
Business funds:					
Water operations	2,181,000	-	2,181,000	1,842,187	(338,813)
Sewer operations	1,335,000	-	1,335,000	1,116,980	(218,020)
Sanitation	455,000	-	455,000	394,248	(60,752)
Storm water	57,000	-	57,000	6,069	(50,931)
Totals	$ 12,240,450	$ -	$ 12,240,450	$ 9,968,908	

CITY OF TONGANOXIE, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	$ 2,874,894	$ 3,044,228	$ 169,334
Franchise fees	379,000	444,114	65,114
Licenses and permits	91,200	122,158	30,958
Fines and fees	130,000	176,561	46,561
Use of money and property	30,000	372,405	342,405
Charges for services	152,000	157,302	5,302
Miscellaneous	67,499	70,074	2,575
Transfers in	200,000	150,000	(50,000)
Total receipts and transfers	$ 3,924,593	4,536,842	$ 612,249
Expenditures and encumbrances:			
Administration	$ 526,755	668,236	$ 141,481
Code enforcement	131,888	118,014	(13,874)
City planning and development	15,300	12,740	(2,560)
Police department	1,503,863	1,393,833	(110,030)
Fire department	1,040,580	946,834	(93,746)
Highway and streets	378,187	353,456	(24,731)
Swimming pool	173,075	182,996	9,921
Court services	154,948	163,622	8,674
Miscellaneous	313,035	-	(313,035)
Cash forward	588,689	-	(588,689)
Total expenditures and encumbrances	$ 4,826,320	3,839,731	$ (986,589)
Receipts and transfers over expenditures and encumbrances		697,111	
Unencumbered cash, beginning		1,228,539	
Unencumbered cash, ending		$ 1,925,650	

(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, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	$ 4,850	$ 4,365	$ (485)
Donations	150	-	(150)
Total receipts	$ 5,000	4,365	$ (635)
Expenditures:			
Contractual services	$ 2,500	2,015	$ (485)
Commodities	2,500	2,969	469
Total expenditures	$ 5,000	4,984	$ (16)
Receipts under expenditures		(619)	
Unencumbered cash, beginning		20,458	
Unencumbered cash, ending		$ 19,839	

(Continued)

CITY OF TONGANOXIE, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts and transfers:				
Taxes	$ 211,380	$ 211,380	$ 241,877	$ 30,497
Reimbursements	93,620	93,620	-	(93,620)
Transfers in	175,000	175,000	175,000	-
Total receipts and transfers	$ 480,000	$ 480,000	416,877	$ (63,123)
Expenditures:				
Contractual services	$ 480,000	$ 631,000	595,183	$ (35,817)
Receipts and transfers under expenditures			(178,306)	
Unencumbered cash, beginning			839,836	
Unencumbered cash, ending			$ 661,530	

(Continued)

CITY OF TONGANOXIE, KANSAS
LIBRARY OPERATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	$ 498,542	$ 497,030	$ (1,512)
Reimbursements	116,400	85,960	(30,440)
Total receipts	$ 614,942	582,990	$ (31,952)
Expenditures:			
Contractual services	$ 620,899	572,442	$ (48,457)
Receipts over expenditures		10,548	
Unencumbered cash, beginning		1,109	
Unencumbered cash, ending		$ 11,657	

(Continued)

CITY OF TONGANOXIE, KANSAS
TRANSIENT GUEST TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	$ 1,100	$ 1,905	$ 805
Expenditures:			
Contractual services	$ 1,100	-	$ (1,100)
Receipts over expenditures		1,905	
Unencumbered cash, beginning		7,397	
Unencumbered cash, ending		$ 9,302	

(Continued)

CITY OF TONGANOXIE, KANSAS
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	$ 538,527	$ 539,485	$ 958
Miscellaneous	(10)	-	10
Transfers in	262,500	262,500	-
Total receipts and transfers	$ 801,017	801,985	$ 968
Expenditures:			
Debt service	$ 801,009	801,009	$ -
Cash basis reserve	208,509	-	(208,509)
Total expenditures	$ 1,009,518	801,009	$ (208,509)
Receipts and transfers over expenditures		976	
Unencumbered cash, beginning		248,373	
Unencumbered cash, ending		$ 249,349	

(Continued)

CITY OF TONGANOXIE, KANSAS
CAPITAL PROJECTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts and transfers:				
Taxes	$ 650,000	$ 650,000	$ 769,396	$ 119,396
Transfers in	130,000	240,000	130,000	(110,000)
Miscellaneous	28,613	28,613	-	(28,613)
Intergovernmental	-	-	58,846	58,846
Total receipts and transfers	$ 808,613	$ 918,613	958,242	$ 39,629
Expenditures:				
Contractional services	$ 110,000	$ 410,000	106,061	$ (303,939)
Commodities	-	10,000	16,645	6,645
Capital outlay	676,000	676,000	650,756	(25,244)
Debt service	22,613	22,613	22,613	-
Total expenditures	$ 808,613	$ 1,118,613	796,075	$ (322,538)
Receipts and transfers over expenditures			162,167	
Unencumbered cash, beginning			1,779,411	
Unencumbered cash, ending			$ 1,941,578	

(Continued)

CITY OF TONGANOXIE, KANSAS
WATER OPERATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	$ 11,000	$ 19,947	$ 8,947
Charges for services	2,156,500	1,615,667	(540,833)
Fines and fees	200	220	20
Miscellaneous	13,300	17,502	4,202
Total receipts	$ 2,181,000	1,653,336	$ (527,664)
Expenditures, encumbrances, and transfers:			
Personnel services	$ 760,650	633,875	$ (126,775)
Contractual services	993,000	756,191	(236,809)
Commodities	76,000	48,269	(27,731)
Capital outlay	14,000	74,984	60,984
Miscellaneous	6,672	-	(6,672)
Debt service	130,678	166,368	35,690
Transfers out	200,000	162,500	(37,500)
Total expenditures, encumbrances, and transfers	$ 2,181,000	1,842,187	$ (338,813)
Receipts under expenditures, encumbrances, and transfers		(188,851)	
Unencumbered cash, beginning		898,243	
Unencumbered cash, ending		$ 709,392	

(Continued)

CITY OF TONGANOXIE, KANSAS
SEWER OPERATIONS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Charges for services	$ 1,335,000	$ 1,062,010	$ (272,990)
Expenditures, encumbrances, and transfers:			
Personnel services	$ 377,894	314,912	$ (62,982)
Contractual services	235,300	129,356	(105,944)
Commodities	62,000	50,117	(11,883)
Capital Outlay	-	141,213	141,213
Debt service	455,569	363,882	(91,687)
Miscellaneous	74,237	-	(74,237)
Transfers out	130,000	117,500	(12,500)
Total expenditures, encumbrances, and transfers	$ 1,335,000	1,116,980	$ (218,020)
Receipts under expenditures, encumbrances, and transfers		(54,970)	
Unencumbered cash, beginning		641,129	
Unencumbered cash, ending		$ 586,159	

(Continued)

CITY OF TONGANOXIE, KANSAS
SANITATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Charges for services	$ 455,000	$ 453,051	$ (1,949)
Expenditures:			
Miscellaneous	$ 40,000	-	$ (40,000)
Contractual services	415,000	394,248	(20,752)
Total expenditures	$ 455,000	394,248	$ (60,752)
Receipts over expenditures		58,803	
Unencumbered cash, beginning		225,343	
Unencumbered cash, ending		$ 284,146	

(Continued)

CITY OF TONGANOXIE, KANSAS
STORM WATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Charges for services	$ 45,000	$ 48,599	$ 3,599
Other revenue	12,000	-	(12,000)
Total receipts	$ 57,000	48,599	$ (8,401)
Expenditures:			
Contractual services	$ 52,000	896	$ (51,104)
Commodities	5,000	5,173	173
Total expenditures	$ 57,000	6,069	$ (50,931)
Receipts over expenditures		42,530	
Unencumbered cash, beginning		56,587	
Unencumbered cash, ending		$ 99,117	

CITY OF TONGANOXIE, KANSAS
POLICE EQUIPMENT RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2023

Receipts:		
Licenses and permits	$	2,100
Grants and donations		8,963
Reimbursements		569
Miscellaneous		5,980
Total receipts		17,612
Expenditures:		
Commodities		7,923
Receipts over expenditures		9,689
Unencumbered cash, beginning		40,531
Unencumbered cash, ending	$	50,220

*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, 2023

Receipts:		
Special assessments	$	93,649
Grants and donations		22,855
Total receipts		116,504
Expenditures:		
Contractual services		62,634
Capital outlay		87,582
Debt service		34,692
Total expenditures		184,908
Receipts under expenditures		(68,404)
Unencumbered cash, beginning		268,527
Unencumbered cash, ending	$	200,123

*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, 2023

Receipts:		
Sales and use tax	$	777,743
Transfers:		
Transfer out		437,500
Receipts over transfers		340,243
Unencumbered cash, beginning		767,995
Unencumbered cash, ending	$	1,108,238

*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, 2023

Receipts:		
Grant revenue	$	1,166,625
Bond proceeds		2,380,000
Interest		50,344
Total receipts		3,596,969
Expenditures:		
Capital outlay		1,862,167
Debt service		2,862,937
Total expenditures		4,725,104
Receipts under expenditures		(1,128,135)
Unencumbered cash, beginning		1,759,401
Unencumbered cash, ending	$	631,266

*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, 2023

Expenditures:		
Capital outlay	$	1,151
Unencumbered cash, beginning		9,184
Unencumbered cash, ending	$	8,033

*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, 2023

Receipts:		
Miscellaneous	$	310
Expenditures:		
Commodities		500
Receipts under expenditures		(190)
Unencumbered cash, beginning		4,593
Unencumbered cash, ending	$	4,403

*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, 2023

Receipts:		
Sale of property and equipment	$	108,880
Expenditures:		
Contractual services		56,257
Receipts over expenditures		52,623
Unencumbered cash, beginning		169,951
Unencumbered cash, ending	$	222,574

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
RURAL HOUSING INCENTIVE DISTRICT FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Receipts:		
Taxes	$	22,774
Expenditures:		
Contractual services		22,636
Receipts over expenditures		138
Unencumbered cash, beginning		340
Unencumbered cash, ending	$	478

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
RURAL HOUSING INCENTIVE DISTRICT 2 FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Receipts:		
Property Taxes	$	3,820
Unencumbered cash, beginning		-
Unencumbered cash, ending	$	3,820

(Continued)

CITY OF TONGANOXIE, KANSAS
AMERICAN RESCUE PLAN ACT GRANT FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Expenditures and encumbrances:		
Contractual services	$	765,857
Unencumbered cash, beginning		765,857
Unencumbered cash, ending	$	-

*This fund is not required to be budgeted.

(Continued)

CITY OF TONGANOXIE, KANSAS
OPIOID ADDICTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Receipts:		
Miscellaneous	$	17,280
Unencumbered cash, beginning		-
Unencumbered cash, ending	$	17,280

(Continued)

CITY OF TONGANOXIE, KANSAS
CAPITAL RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

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, 2023

Receipts:	
Charges for services	$ 48,417
Expenditures:	
Contractual services	14,625
Capital outlay	295,301
Total expenditures	309,926
Receipts under expenditures	(261,509)
Unencumbered cash, beginning	628,266
Unencumbered cash, ending	$ 366,757

*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, 2023

Receipts:		
Charges for services	$	48,069
Expenditures and encumbrances:		
Contractual services		181,267
Capital outlay		220,919
Total expenditures and encumbrances		402,186
Receipts under expenditures and encumbrances		(354,117)
Unencumbered cash, beginning		739,181
Unencumbered cash, ending	$	385,064

*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, 2023

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll clearing	$ 52,802	$ 2,621,108	$ 2,620,983	$ 52,927
Bail bonds	8,280	3,938	438	11,780
	$ 61,082	$ 2,625,046	$ 2,621,421	$ 64,707

CITY OF TONGANOXIE, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant Number	Expenditures
U.S. Department of Commerce:			
Economic Development Cluster			
Economic Adjustment Assistance	11.307	05-79-06151	$ 851,692
Total U.S. Department of Commerce			851,692
U.S. Department of the Treasury:			
Passed through the State of Kansas:			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund (ARPA)	21.027	N/A	114,825
COVID-19 Coronavirus State and Local Fiscal Recovery Fund (ARPA)	21.027	LSSE-19	29,808
Total U.S. Department of the Treasury			144,633
U.S. Department of Transportation:			
Passed through Kansas Department of Transportation:			
Highway Safety Cluster			
State and Community Highway Safety	20.600	69A37521300004020KS0	2,262
Total U.S. Department of Commerce			2,262
Total federal expenditures			$ 998,587

See accompanying notes to schedule of expenditures of federal awards

CITY OF TONGANOXIE, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

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, 2023. 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 cash basis of accounting. 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 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF TONGANOXIE, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

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:	

Assistance Listing Number	Name of Federal Program or Cluster
11.307	Economic Development Cluster: Economic Adjustment Assistance

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as a low-risk auditee:	No

(Continued)

Section II – Financial Statement Findings

No matters reported

Section III – Federal Award Findings and Questioned Costs

No matters reported

BT & Co. P.A.
Certified Public Accountants

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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*

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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated August 29, 2024. Our report contained an adverse opinion because the financial statement was presented using accounting practices prescribed or permitted by the State of Kansas.

Report on 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 entity'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 or significant deficiencies may exist that were not identified.

Report on 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.



August 29, 2024
Topeka, Kansas

BT & Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Council
City of Tonganoxie, Kansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Tonganoxie, Kansas' compliance with the types of compliance requirements identified as subject to audit 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, 2023. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a 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 over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



August 29, 2024
Topeka, Kansas