CITY OF CHASE, KANSAS

DECEMBER 31, 2021

LINDBURG
VOGEL PIERCE FARIS
Chartered

CITY OF CHASE, KANSAS

TABLE OF CONTENTS
December 31, 2021

INDEPENDENT AUDITORS' REPORT 1-3

FINANCIAL STATEMENT

Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis 4-5

NOTES TO THE FINANCIAL STATEMENT 6-11

SCHEDULE 1

Summary of Expenditures - Regulatory Basis (Actual and Budget) 12

SCHEDULE 2

Schedule of Receipts and Expenditures - Regulatory Basis (Actual and Budget)
- General Fund 13-14
- Special Highway Fund 15
- Special Parks Fund 16
- Local Sales Tax Fund 17
- Bond and Interest Fund 18
- Water Fund 19

Schedule of Receipts and Expenditures - Regulatory Basis (Actual)
- Special Purpose Funds - Nonbudgeted 20
- Business Funds - Nonbudgeted 21

REPORT AND SCHEDULE REQUIRED BY GAO

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards 22-23

Schedule of Findings and Responses 24-25

LINDBURG
VOGEL PIERCE FARIS
Chartered

Gregory D. Daughhetee, CPA
Kenneth D. Hamby, CPA
Michael R. Meisenheimer, CPA
Nick L. Mueting, CPA
Billy J. Klug, CPA
Randall R. Hofmeier, CPA
Brent L. Knoche, CPA
Brian W. Mapel, CPA
Jeffrey D. Reece, CPA
Brady H. Byrnes, CPA
Alex P. Larson, CPA
Gage B. Kepple, CPA

INDEPENDENT AUDITORS' REPORT

The Mayor and City Council
City of Chase, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash balances of City of Chase, Kansas (the City), 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 matters discussed in the "Basis for Adverse and Unmodified Opinions on U.S. Generally Accepted Accounting Principles" 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, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on the 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, 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—Summary of Significant Accounting Policies.

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

2301 NORTH HALSTEAD
PO. BOX 2047
HUTCHINSON, KS 67504-2047
620-669-0461

1206 W. FRONTVIEW, STE 201
PO. BOX 1512
DODGE CITY, KS 67801-1512
620-227-3522

1401 MAIN, STE B
PO. BOX 189
HAYS, KS 67601-0189
785-628-2900

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

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the regulatory basis reporting provisions in the *Kansas Municipal Audit and Accounting Guide*, as described in Note 1, to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for 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 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 generally accepted auditing standards (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 generally accepted auditing standards 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 receipts, expenditures, and unencumbered cash balances – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis – actual and budget, the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget, and the agency funds schedule of receipts and disbursements – regulatory basis (Schedules 1 through 3, as listed in the table of contents) are presented for additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions in *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and the supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1—Summary of Significant Accounting Policies.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, 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 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.



Certified Public Accountants

Hutchinson, Kansas
September 22, 2022

CITY OF CHASE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS
For Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General	$ 4,609	$ 364,277	$ 268,425	$ 100,461	$ 3,376	$ 103,837
Special Purpose						
Special Highway	1,031	12,585	12,327	1,289	-	1,289
Special Parks	7,123	-	-	7,123	-	7,123
Local Sales Tax	119,253	22,298	-	141,551	-	141,551
Capital Improvements	6,647	-	-	6,647	-	6,647
Police Seizure	2,015	-	-	2,015	-	2,015
ARPA Grant	-	33,224	-	33,224	-	33,224
Bond and Interest						
Bond and Interest	8,880	905	-	9,785	-	9,785
Business						
Water	6,626	95,282	91,535	10,373	-	10,373
Water Bond P&I	9,418	-	9,418	-	-	-
TOTAL REPORTING ENTITY	$ 165,602	$ 528,571	$ 381,705	$ 312,468	$ 3,376	$ 315,844

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

CITY OF CHASE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS
For Year Ended December 31, 2021

COMPOSITION OF CASH		
Petty cash	$	35
First Bank		
Checking accounts		244,013
Savings accounts		1,796
Certificates of deposit		70,000
TOTAL REPORTING ENTITY	$	315,844

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

CITY OF CHASE, KANSAS

NOTES TO THE FINANCIAL STATEMENT
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

City of Chase, Kansas (the City) is a municipal corporation governed by an elected Mayor and City Council. There are no related municipal entities of the City.

Fund Accounting

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.

Kansas Municipal Audit and Accounting Guide Regulatory Basis of Presentation Fund Definitions

The following types of funds comprise the financial activities of the City for the year of 2021:

General Fund

To account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds

To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are intended for specified purposes.

Bond and Interest Funds

To account for the accumulation of resources for and the payment of, interest and principal on long-term debt.

Business Funds

To account for operations that are financed in whole or in part by fees charged to users of the goods and services.

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America

The regulatory basis of accounting provisions in the *Kansas Municipal Audit and Accounting Guide* 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 reporting the 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 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.

Interest Income

Unless otherwise designated, all investment income is credited to the General Fund.

Cash and Investments

Cash includes amounts in demand, time deposits, and certificates of deposit at financial institutions.

Investments may consist of types authorized by K.S.A. 12-1675, which includes U.S. government securities, repurchase agreements, the Municipal Investment Pool, and others.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Reimbursed Expenses

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Vacation, Sick Leave, and Other Compensated Absences

Vacation leave is earned based on years of service and no carryover from year to year is allowed. Sick leave is earned monthly with a maximum carryover of 60 days. Sick leave cannot be cashed out.

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 sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1 of each year.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5 of each year.
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.

If the City is holding a revenue neutral rate hearing, the timeline for adoption of the final budget is adjusted to on or before September 20th. The City did not hold a revenue neutral rate hearing as a part of the process for adoption of the 2022 budget.

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 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, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year 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 capital project funds, trust funds, and certain special purpose funds. 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.

Taxes levied to finance the budget become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. These taxes are made available to the City after January 1 and are distributed by the County Treasurer generally in the months of January and June. Delinquent tax collections are distributed throughout the year.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Management was not aware of any material statutory violations.

NOTE 3—DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is used by all funds. Each fund's portion of this pool is displayed on the summary statement of receipts, expenditures, and unencumbered cash. The cash balances of certain funds are restricted as to their use.

K.S.A. 9-1401 established 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 and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Deposit Insurance Corporation (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 FDIC 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.

Deposits

At December 31, 2021, the carrying amount of the City's deposits, including certificates of deposit was $315,809. The bank balance was $319,145. The bank balance was held by one bank resulting in a concentration of credit risk. The bank balance was covered by FDIC insurance.

NOTE 4—LONG-TERM DEBT

Terms for long-term debt for the City outstanding for the year ended December 31, 2021, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
Series 2009B	3.625%	06/18/09	$ 78,000	06/18/49
Series 2020	4.000%	01/22/20	635,000	10/01/49
Loans				
Chase Firefighters Relief Association	1.000%	04/15/04	30,000	04/15/29
Capital Leases				
Pumper fire truck	2.900%	02/01/20	22,000	03/01/25

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
Series 2009B	$ 66,144	$ -	$ 1,325	$ 64,819	$ 2,399
Series 2020	635,000	-	15,000	620,000	19,250
Loans					
Chase Firefighters Relief Association	11,776	-	1,238	10,538	118
Capital Leases					
Pumper fire truck	17,382	-	4,158	13,224	511
	$ 730,302	$ -	$ 21,721	$ 708,581	$ 22,278

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

	Principal			
	General Obligation Bonds	Firefighters Relief Loans	Capital Leases	Total
2022	$ 16,374	$ 1,251	$ 4,281	$ 21,906
2023	16,424	1,263	4,406	22,093
2024	16,475	1,275	4,536	22,286
2025	16,529	1,289	1	17,819
2026	16,584	1,301	-	17,885
2027-2031	103,826	4,159	-	107,985
2032-2036	110,546	-	-	110,546
2037-2041	137,600	-	-	137,600
2042-2046	150,058	-	-	150,058
2047-2049	100,403	-	-	100,403
	$ 684,819	$ 10,538	$ 13,224	$ 708,581

	Interest			
	General Obligation Bonds	Firefighters Relief Loans	Capital Leases	Total
2022	$ 21,000	$ 105	$ 389	$ 21,494
2023	20,350	93	263	20,706
2024	19,699	80	134	19,913
2025	19,045	67	-	19,112
2026	18,390	55	-	18,445
2027-2031	82,824	85	-	82,909
2032-2036	68,744	-	-	68,744
2037-2041	51,645	-	-	51,645
2042-2046	30,532	-	-	30,532
2047-2049	6,336	-	-	6,336
	$ 338,565	$ 485	$ 786	$ 339,836

NOTE 5—DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy

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 establishes the KPERS member-employee contribution rate at 6.00% of covered salary for KPERS 1, KPERS 2, or 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.

Kansas law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined annually based on the results of an annual actuarial valuation. Kansas Law sets a limit on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (excluding the contribution rate for the Death and Disability program) and the statutory contribution rate for KPERS was 8.87% for the year ended December 31, 2021. Contributions for the pension plan from the City for KPERS was $6,597 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, KPERS has determined the City's proportionate share of the collective net pension liability for KPERS was $46,198. The net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's share of the allocation is based on the ratio of the City's employer contributions, relative to the total employer and nonemployer contributions for the plan groups the City participates in. Because the regulatory basis of accounting under the *Kansas Municipal Audit and Accounting Guide* does not recognize long-term debt, this liability is not reported in the 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 publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

NOTE 6—OTHER LONG-TERM LIABILITIES

Other Post-Employment Benefits – Death and Disability Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability 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 was set at 1% for the year ended December 31, 2021.

NOTE 7—RISK MANAGEMENT

The City is subject to certain risks such as torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from third parties. There have been no significant reductions in insurance coverage from the prior year and there have been no settled claims in excess of insurance coverage for the prior three years.

NOTE 8—COMMITMENTS

Neighborhood Revitalization Program

The City participates in a neighborhood revitalization program as allowed by K.S.A. 12-17,114 et seq. Under the program, participants are provided a rebate of ad valorem taxes paid based on the increase in assessed valuation attributable to improvements made by the taxpayer after being approved for participation in the neighborhood revitalization program. For the year ended December 31, 2021, the City's share of tax rebates totaled $26,596.

CITY OF CHASE, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS (ACTUAL AND BUDGET)
(BUDGETED FUNDS ONLY)
For Year Ended December 31, 2021

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General	$ 293,189	$ 83,994	$ 377,183	$ 268,425	$ (108,758)
Special Purpose					
Special Highway	11,310	-	11,310	12,327	1,017
Special Parks	7,123	-	7,123	-	(7,123)
Local Sales Tax	25,000	-	25,000	-	(25,000)
Bond and Interest					
Bond and Interest	8,236	-	8,236	-	(8,236)
Business					
Water	97,250	-	97,250	91,535	(5,715)

CITY OF CHASE, KANSAS

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Taxes			
Ad valorem property tax	$ 129,905	$ 140,329	$ (10,424)
Delinquent tax	14,989	-	14,989
Motor vehicle tax	33,642	33,282	360
Recreational vehicle tax	944	823	121
Commercial vehicle registration fee	694	1,095	(401)
16/20M vehicle tax	100	112	(12)
Sales tax	52,030	39,000	13,030
Neighborhood revitalization rebate	(26,596)	(26,588)	(8)
Total taxes	205,708	188,053	17,655
Licenses, fees, and permits			
Utility franchise tax	19,918	20,000	(82)
Miscellaneous permits and licenses	1,106	750	356
Total licenses, fees, and permits	21,024	20,750	274
Charges for services			
Refuse	29,464	32,000	(2,536)
Sewer	19,933	30,000	(10,067)
Total charges for services	49,397	62,000	(12,603)
Fines, forfeitures, and penalties	2,145	-	2,145
Use of money and property			
Interest on idle funds	271	300	(29)
Other			
Reimbursed expense	278	-	278
FEMA Public Assistance grant	83,716	-	83,716
Transfers in	-	6,647	(6,647)
Miscellaneous	1,738	11,950	(10,212)
Total other	85,732	18,597	67,135
TOTAL RECEIPTS	364,277	$ 289,700	$ 74,577

CITY OF CHASE, KANSAS

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
EXPENDITURES			
General government			
Personal services	$ 77,714	$ 92,000	$ (14,286)
Contractual services	6,534	40,000	(33,466)
Commodities	110,197	80,000	30,197
Miscellaneous	764	23,833	(23,069)
Total general government	195,209	235,833	(40,624)
Refuse			
Contractual services	27,286	32,000	(4,714)
Sewer			
Personal services	17,088	12,500	4,588
Commodities	15,861	7,500	8,361
Contractual services	2,695	-	2,695
Total sewer	35,644	20,000	15,644
Police			
Commodities	564	1,000	(436)
Contractual services	493	1,000	(507)
Total police	1,057	2,000	(943)
Fire			
Commodities	6,668	1,000	5,668
Contractual services	1,205	1,000	205
Total fire	7,873	2,000	5,873
Firefighters Relief Association payments	1,356	1,356	-
Transfers to other funds	-	-	-
TOTAL EXPENDITURES	268,425	293,189	(24,764)
ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	-	83,994	(83,994)
TOTAL FOR COMPARISON	268,425	$ 377,183	$ (108,758)
RECEIPTS OVER (UNDER) EXPENDITURES	95,852		
UNENCUMBERED CASH, BEGINNING	4,069		
UNENCUMBERED CASH, ENDING	$ 99,921		

CITY OF CHASE, KANSAS

SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
RECEIPTS			
State payments	$ 12,585	$ 11,310	$ 1,275
EXPENDITURES			
Personal services	9,897	$ -	$ 9,897
Street repair and maintenance	2,430	11,310	(8,880)
TOTAL EXPENDITURES	12,327	$ 11,310	$ 1,017
RECEIPTS OVER (UNDER) EXPENDITURES	258		
UNENCUMBERED CASH, BEGINNING	1,031		
UNENCUMBERED CASH, ENDING	$ 1,289		

CITY OF CHASE, KANSAS

SPECIAL PARKS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Local alcoholic liquor tax	$ -	$ -	$ -
EXPENDITURES			
Park improvement	-	$ 7,123	$ (7,123)
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	7,123		
UNENCUMBERED CASH, ENDING	$ 7,123		

CITY OF CHASE, KANSAS

LOCAL SALES TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Sales tax	$ 22,298	$ 17,000	$ 5,298
EXPENDITURES			
Road improvements	-	$ 25,000	$ (25,000)
RECEIPTS OVER (UNDER) EXPENDITURES	22,298		
UNENCUMBERED CASH, BEGINNING	119,253		
UNENCUMBERED CASH, ENDING	$ 141,551		

CITY OF CHASE, KANSAS

BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Delinquent tax	$ 905	$ -	$ 905
EXPENDITURES			
Cash basis requirement	-	$ 8,236	$ (8,236)
RECEIPTS OVER (UNDER) EXPENDITURES	905		
UNENCUMBERED CASH, BEGINNING	8,880		
UNENCUMBERED CASH, ENDING	$ 9,785		

CITY OF CHASE, KANSAS

WATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Charges for service	$ 80,449	$ 78,420	$ 2,029
Reimbursements	9,418	-	9,418
Miscellaneous	5,415	-	5,415
TOTAL RECEIPTS	95,282	$ 78,420	$ 16,862
EXPENDITURES			
Personal services	28,521	$ 27,000	$ 1,521
Contractual services	4,715	10,000	(5,285)
Commodities	19,757	26,000	(6,243)
Capital outlay	-	-	-
Miscellaneous	568	34,250	(33,682)
Water Bond - Principal and Interest	37,974	-	37,974
TOTAL EXPENDITURES	91,535	$ 97,250	$ (5,715)
RECEIPTS OVER (UNDER) EXPENDITURES	3,747		
UNENCUMBERED CASH, BEGINNING	6,626		
UNENCUMBERED CASH, ENDING	$ 10,373		

CITY OF CHASE, KANSAS

SPECIAL PURPOSE FUNDS - NONBUDGETED
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021

	Capital Improvements	Police Seizure	ARPA Grant
RECEIPTS			
Grant proceeds	$ -	$ -	$ 33,224
EXPENDITURES	-	-	-
RECEIPTS OVER (UNDER) EXPENDITURES	-	-	33,224
UNENCUMBERED CASH, BEGINNING	6,647	2,015	-
UNENCUMBERED CASH, ENDING	$ 6,647	$ 2,015	$ 33,224

CITY OF CHASE, KANSAS

BUSINESS FUNDS - NONBUDGETED
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021

	Water Bond P&I
RECEIPTS	$ -
EXPENDITURES	
Reimbursement to Water Fund	9,418
RECEIPTS OVER (UNDER) EXPENDITURES	(9,418)
UNENCUMBERED CASH, BEGINNING	9,418
UNENCUMBERED CASH, ENDING	$ -

LINDBURG
VOGEL PIERCE FARIS
Chartered

Gregory D. Daughhetee, CPA
Kenneth D. Hamby, CPA
Michael R. Meisenheimer, CPA
Nick L. Mueting, CPA
Billy J. Klug, CPA
Randall R. Hofmeier, CPA
Brent L. Knoche, CPA
Brian W. Mapel, CPA
Jeffrey D. Reece, CPA
Brady H. Byrnes, CPA
Alex P. Larson, CPA
Gage B. Kepple, CPA

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

The Mayor and City Council
City of Chase, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the regulatory basis summary statement of receipts, expenditures, and unencumbered cash balances of City of Chase, Kansas (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated September 22, 2022, which was modified because the financial statement is prepared on the regulatory basis of accounting.

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 our 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 preceding paragraphs and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses, listed as item numbers 2021-1 and 2021-2.

Compliance and Other Matters

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

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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



Certified Public Accountants

Hutchinson, Kansas
September 22, 2022

CITY OF CHASE, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For Year Ended December 31, 2021

SUMMARY OF AUDIT RESULTS

Financial Statement

Type of auditors' report issued	Unmodified (Regulatory basis)
Internal control over financial reporting Material weakness(es) identified?	Yes
Significant deficiencie(s) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statement noted?	No

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

2021-1 Segregation of Duties

Condition: There is a lack of appropriate segregation of duties related to all accounting functions.

Criteria: The City is responsible for establishing and maintaining effective internal controls.

Cause: The City does not have adequate funds to achieve the proper segregation of duties.

Effect: Without the proper segregation of duties, the risk that the City's financial statement may be materially misstated increases and the City's responsibility to prevent and detect fraud may be at risk.

Recommendation: Current reviews in place need to continue to lessen the effect of the lack of segregation of duties.

Management's Response: The City does not have sufficient funds to adequately staff the office to achieve the proper segregation of duties. The City Council does review all expenditures prior to final disbursement and multiple signatures are required on all checks. In addition, the City Treasurer will perform reconciliations and review significant accounting functions to help alleviate the segregation of duty issues when possible.

CITY OF CHASE, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For Year Ended December 31, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

2021-2 Internal Controls over Preparation of Financial Statements

Condition: The City has no policies or procedures in place over internal controls related to preparation of their financial statement.

Criteria: The City is responsible for establishing and maintaining effective internal controls over preparation of their financial statement.

Effect: The lack of internal controls over preparation of financial statement places the City at a greater risk of not detecting or preventing material misstatements to its financial statement.

Cause: The City has not provided appropriate training or resources regarding internal controls over preparation of their financial statement.

Recommendation: To the extent possible, the City should establish controls over financial statement preparation.

Management's Response: The City agrees with this finding. The City understands the need for proper internal control over financial reporting. The City will consider additional training in financial statement preparation for personnel and acquiring a copy of the most recent *Kansas Municipal Audit and Accounting Guide*.