

**CITY OF CHETOPA, KANSAS**

Independent Auditors' Report and  
Financial Statement with  
Supplementary Information

For the Year Ended December 31, 2019

**CITY OF CHETOPA, KANSAS**

For the Year Ended December 31, 2019

**TABLE OF CONTENTS**

	<u>PAGE NUMBER</u>
Independent Auditors' Report .....	1-2
<u>Statement 1</u>	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis .....	3
Notes to the Financial Statement.....	4-16
SUPPLEMENTARY INFORMATION	
<u>Schedule 1</u>	
Summary of Expenditures – Actual and Budget - Regulatory Basis (Budgeted Funds Only) .....	17
<u>Schedule 2</u>	
Schedule of Cash Receipts and Expenditures – Actual and Budget- Regulatory Basis	
General Fund .....	18-20
Fire Fighting Equipment Fund.....	21
Special Law Enforcement Fund .....	22
City Building Fund.....	23
Special City and County Highway Fund .....	24
Library Fund.....	25
Special Park Fund.....	26
Employee Benefits Fund.....	27
Industrial Development Fund.....	28
Water System Bond Reserve Fund.....	29
General Obligation Bond and Interest Fund.....	30
Water System Debt Service Fund.....	31
Water Utility Fund.....	32
Water Reserve Fund.....	33
Sewer Utility Fund.....	34
Sewer Reserve Fund.....	35
Refuse Utility Fund.....	36
Electric Utility Fund.....	37
<u>Schedule 3</u>	
Schedule of Receipts and Disbursements – Agency Funds - Regulatory Basis .....	38

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

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Chetopa, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Chetopa, Kansas, as of and for the year ended December 31, 2019 and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Chetopa 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.

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Chetopa as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Chetopa as of December 31, 2019, 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.

***Other Matters***

***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

July 15, 2020  
Chanute, Kansas

**CITY OF CHETOPA, KANSAS**  
Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2019

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Ending Cash Balance December 31, 2019
General	\$ 224,784.26	\$ 463,688.95	\$ 587,444.73	\$ 101,028.48	\$ 13,847.86	\$ 114,876.34
Special Purpose Funds:						
Fire Fighting Equipment	39,809.60	15,670.99	4,407.25	51,073.34	-	51,073.34
Special Law Enforcement	3,954.34	1,590.00	3,560.94	1,983.40	-	1,983.40
City Building	7,070.87	-	-	7,070.87	-	7,070.87
Special City and County Highway	36,706.35	53,189.43	73,219.85	16,675.93	508.26	17,184.19
Library	-	11,587.28	11,262.87	324.41	-	324.41
Special Parks	11,197.50	22,982.24	22,874.96	11,304.78	192.83	11,497.61
Employee Benefits	49,477.10	216,363.91	173,813.92	92,027.09	1,445.38	93,472.47
Industrial Development	6,616.13	2,463.97	(17.87)	9,097.97	-	9,097.97
Water System Bond Reserve	16,320.00	816.00	-	17,136.00	-	17,136.00
Debt Service						
General Obligation Bond and Interest	-	263,871.27	263,871.27	-	-	-
Water System Debt Service	-	8,140.00	8,140.00	-	-	-
Business Funds:						
Water Utility	184,476.74	474,892.83	410,745.33	248,624.24	11,107.97	259,732.21
Water Reserve	30,635.72	4,500.00	-	35,135.72	-	35,135.72
Sewer Utility	103,628.34	185,013.98	217,202.41	71,439.91	2,198.40	73,638.31
Sewer Reserve	66,017.78	1,500.00	-	67,517.78	-	67,517.78
Refuse Utility	71,019.07	131,167.76	103,228.72	98,958.11	5,854.11	104,812.22
Electric Utility	127,889.84	1,480,463.94	1,229,138.82	379,214.96	65,430.34	444,645.30
Total Reporting Entity (Excluding Agency Funds)	\$ 979,603.64	\$ 3,337,902.55	\$ 3,108,893.20	\$ 1,208,612.99	\$ 100,585.15	\$ 1,309,198.14

## Composition of Cash:

Cash on Hand.....	\$ 200.00
Chetopa State Bank	
Operating Checking Account.....	1,216,106.35
Petty Cash Checking Account.....	2,500.00
Freedom Claims Checking Account.....	10,552.68
Certificates of Deposit.....	131,000.00
Total Primary Government.....	1,360,359.03
Less: Agency Funds Per Schedule 3.....	(51,160.89)
Total Reporting Entity.....	\$ 1,309,198.14

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

## **CITY OF CHETOPA, KANSAS**

Notes to the Financial Statement  
For the Year Ended December 31, 2019

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

The City of Chetopa, Kansas (the City) was incorporated April 18, 1857, and operates as a second class city under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 15-101 *et seq.* The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash, and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

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

#### Reporting Entity

The City of Chetopa is a municipal corporation governed by an elected six-member council. This financial statement presents the City of Chetopa.

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

Chetopa Public Library – The City of Chetopa Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separately internal financial statements are available at the Chetopa Public Library.

Chetopa Historical Society – The City of Chetopa Historical Society Board operates the City's Historical Society. Acquisition or disposition of real property or bond issuances must be approved by the City. Separately internal financial statements are available at the Chetopa Historical Society.

#### Regulatory Basis Fund Types

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

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

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

### Regulatory Basis Fund Types (Continued)

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

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

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

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

### Basis of Presentation – Regulatory Basis of Accounting

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

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

### Property Taxes

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

### Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Investments are stated at cost.

### Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System or the State of Kansas Police and Fire Retirement System, both of which are multi-employer, state-wide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State of Kansas.

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

### Reimbursed Expenses

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2019 the City amended the General Fund, Special City and County Highway Fund, Special Park Fund, and Sewer Utility Fund.

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's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the following special purpose funds:

Water System Bond Reserve Fund

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



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

### Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with the cash basis and budget laws of Kansas.

The City was in apparent violation of K.S.A. 12-1608 which requires the treasurer of second class cities to publish the quarterly statements showing the total amount received into each fund and the total amount expended from each fund and the cash balances of each fund at the beginning and close of each quarter. Such quarterly statements shall show the amount of outstanding registered warrants, temporary notes, bonds and all other obligations and liabilities of the City. All four of the quarterly statements were not published within the 30 day requirement.

### Compliance with Revenue Bond Covenants

The City is required, under the ordinances on Revenue Bond Issues, to maintain in its Business Funds certain restricted accounts. The ordinances provide that the following reserve account be set up in the amount described below:

<u>RESERVE ACCOUNTS</u>	<u>REQUIRED AMOUNT</u>	<u>ACTUAL AMOUNT</u>
Debt Service Reserve Requirement of a transfer of \$68 per month for every year until maturity	\$ 17,136.00	\$ 17,136.00

The City agrees to fix, establish, maintain and collect such rates, fees or charges for Water Utility service furnished by the Water System, which will be sufficient to enable the City to have, in each fiscal year, a net income in an amount that will be not less than 110% of the amount required to be paid by the City in the next succeeding fiscal year on account of both principal and interest of the 1998 Water System Bonds of the City at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation, debt service, and capital expense. For the year ended December 31, 2019, the Water Utility Fund had net income of \$232,460.46 which is 2,875.92% of the principal and interest requirements for 2020 of \$8,891.30.

Management is not aware of any other statutory violations.

## **3. DEPOSITS AND INVESTMENTS**

K.S.A 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the bank 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 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.

### **3. DEPOSITS AND INVESTMENTS** (Continued)

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2019.

*Deposits* - At December 31, 2019, the City's carrying amount of deposits was \$1,360,159.03 and the bank balance was \$1,348,143.90. The bank balance was held at one bank resulting in a concentration of credit risk. Of the bank balance, \$381,000.00 was covered by federal depository insurance (FDIC) and \$967,143.90 was collateralized by pledged securities held by the pledging financial institutions' agent in the City's name.

#### 4. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2019, were as follows:

Issue	Interest Issue	Date of of Issue	Amount Maturity	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>									
Paid with Utility Receipts									
Series 2012	2.75%	July 24, 2012	\$ 3,000,000.00	July 24, 2052	\$ 2,729,646.00	\$ -	\$ 49,529.00	\$ 2,680,117.00	\$ 75,065.27
Series 2014-A	3.00%	March 20, 2014	2,148,000.00	March 24, 2054	2,029,001.66	-	32,057.95	1,996,943.71	60,870.05
Series 2014-B	2.75%	March 20, 2014	1,116,000.00	March 27, 2054	1,050,820.09	-	17,451.45	1,033,368.64	28,897.55
<b>Revenue Bonds</b>									
Paid with Utility Receipts									
Series 1998 - Water	4.75%	December 21, 1998	143,500.00	December 21, 2039	104,000.00	-	3,200.00	100,800.00	4,940.00
<b>Capital Leases</b>									
Police Truck 2016 Dodge Ram	2.50%	April 19, 2016	22,861.38	April 6, 2021	11,012.52	-	4,644.03	6,368.49	220.29
Water Intake Improvements	3.00%	December 29, 2016	125,941.84	March 6, 2026	101,380.23	-	12,731.38	88,648.85	2,848.58
Storm Shelter	3.00%	December 29, 2016	37,488.46	March 6, 2026	30,134.79	-	3,791.05	26,343.74	846.59
Fire Truck and Fire UTV	3.50%	May 16, 2017	47,082.88	May 1, 2022	14,052.35	-	14,052.35	-	87.61
Police Truck 2018 Dodge Ram	3.00%	May 15, 2018	22,829.71	May 1, 2023	20,321.06	-	4,377.48	15,943.58	545.76
Fire Trucks	4.50%	March 19, 2019	54,582.57	April 1, 2025	-	54,582.57	6,057.25	48,525.32	1,669.51
<b>Total Contractual Indebtedness</b>									
					\$ 6,090,368.70	\$ 54,582.57	\$ 147,891.94	\$ 5,997,059.33	\$ 175,991.21

#### 4. LONG-TERM DEBT (Continued)

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

Issue	2020	2021	2022	2023	2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049
<b>Principal</b>										
General Obligation Bonds										
Paid with Utility Receipts										
Series 2012	\$ 50,689.00	\$ 52,285.00	\$ 53,723.00	\$ 55,200.00	\$ 56,533.00	\$ 307,665.00	\$ 352,376.00	\$ 403,587.00	\$ 462,167.00	\$ 529,451.00
Series 2014 - A	32,855.56	34,005.36	35,025.52	36,076.28	37,005.78	203,029.73	235,378.01	272,881.31	316,290.33	366,791.55
Series 2014 - B	17,853.51	18,422.33	18,928.95	19,449.49	19,912.12	108,395.62	124,148.13	142,190.28	162,822.09	186,533.33
Revenue Bonds										
Paid with Utility Receipts										
Series 1998 - Water	3,200.00	3,300.00	3,500.00	3,700.00	3,900.00	22,100.00	27,900.00	33,200.00	-	-
Capital Leases										
Police Truck 2016 Dodge Ram	4,759.06	1,609.43	-	-	-	-	-	-	-	-
Water Intake Improvements	13,091.68	13,497.13	13,677.67	14,234.86	14,811.25	19,336.26	-	-	-	-
Storm Shelter	3,897.01	4,017.72	4,071.25	4,237.12	4,408.67	5,711.97	-	-	-	-
Police Truck 2018 Dodge Ram	4,506.69	4,643.77	4,785.01	2,008.11	-	-	-	-	-	-
Fire Trucks	8,261.85	8,641.42	9,038.40	9,453.61	9,887.91	3,242.13	-	-	-	-
<b>Total Principal Payments</b>	<b>139,114.36</b>	<b>140,422.16</b>	<b>142,749.80</b>	<b>144,359.47</b>	<b>146,458.73</b>	<b>666,238.58</b>	<b>739,802.14</b>	<b>851,858.59</b>	<b>941,279.42</b>	<b>1,082,775.88</b>
<b>Interest</b>										
General Obligation Bonds										
Paid with Utility Receipts										
Series 2012	73,703.22	72,309.27	70,871.43	69,394.05	67,876.05	315,139.70	270,447.85	219,259.41	160,629.95	93,478.86
Series 2014 - A	59,908.31	58,922.64	57,902.48	56,851.72	55,769.43	261,470.24	229,136.32	191,649.19	148,187.58	97,800.71
Series 2014 - B	28,417.64	27,926.67	27,420.05	26,899.51	26,364.64	123,283.42	107,537.90	89,503.54	68,847.60	45,189.64
Revenue Bonds										
Paid with Utility Receipts										
Series 1998 - Water	4,883.00	4,731.00	4,574.26	4,408.00	4,232.26	18,240.00	12,454.54	5,172.78	-	-
Capital Leases										
Police Truck 2016 Dodge Ram	105.26	11.65	-	-	-	-	-	-	-	-
Water Intake Improvements	2,488.28	2,082.83	2,234.33	1,677.14	1,100.75	553.41	-	-	-	-
Storm Shelter	740.63	619.92	665.03	499.16	327.61	208.31	-	-	-	-
Police Truck 2018 Dodge Ram	416.55	279.47	138.23	10.80	-	-	-	-	-	-
Fire Trucks	2,013.87	1,634.30	1,237.32	822.11	387.81	12.45	-	-	-	-
<b>Total Interest Payments</b>	<b>172,676.76</b>	<b>168,517.75</b>	<b>165,043.13</b>	<b>160,562.49</b>	<b>156,058.55</b>	<b>718,907.53</b>	<b>619,576.61</b>	<b>505,584.92</b>	<b>377,665.13</b>	<b>236,469.21</b>
<b>Total Principal and Interest</b>	<b>\$ 311,791.12</b>	<b>\$ 308,939.91</b>	<b>\$ 307,792.93</b>	<b>\$ 304,921.96</b>	<b>\$ 302,517.28</b>	<b>\$ 1,385,146.11</b>	<b>\$ 1,359,378.75</b>	<b>\$ 1,357,443.51</b>	<b>\$ 1,318,944.55</b>	<b>\$ 1,319,245.09</b>

#### 4. LONG-TERM DEBT (Continued)

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

Issue	2050-2054	Total
<b>Principal</b>		
General Obligation Bonds		
Paid with Utility Receipts		
Series 2012	\$ 356,441.00	\$ 2,680,117.00
Series 2014 -A	427,604.28	1,996,943.71
Series 2014-B	214,712.79	1,033,368.64
Revenue Bonds		
Paid with Utility Receipts		
Series 1998 - Water	-	100,800.00
Capital Leases		
Police Truck 2016 Dodge Ram	-	6,368.49
Water Intake Improvements	-	88,648.85
Storm Shelter	-	26,343.74
Police Truck 2018 Dodge Ram	-	15,943.58
Fire Trucks	-	48,525.32
<b>Total Principal Payments</b>	<b>998,758.07</b>	<b>5,997,059.33</b>
<b>Interest</b>		
General Obligation Bonds		
Paid with Utility Receipts		
Series 2012	19,849.23	1,432,959.02
Series 2014 -A	39,380.23	1,256,978.85
Series 2014-B	18,091.26	589,481.87
Revenue Bonds		
Paid with Utility Receipts		
Series 1998 - Water	-	58,695.84
Capital Leases		
Police Truck 2016 Dodge Ram	-	116.91
Water Intake Improvements	-	10,136.74
Storm Shelter	-	3,060.66
Police Truck 2018 Dodge Ram	-	845.05
Fire Trucks	-	6,107.86
<b>Total Interest Payments</b>	<b>77,320.72</b>	<b>3,358,382.80</b>
<b>Total Principal and Interest</b>	<b>\$ 1,076,078.79</b>	<b>\$ 9,355,442.13</b>

## 5. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order to purchase a police pickup truck. Payments are made on the 6<sup>th</sup> day of each month, including an interest rate of 2.5%. Final maturity of the lease is April 6, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 4,864.32
2021	1,621.08
	6,485.40
Less imputed interest	(116.91)
Net Present Value of Minimum	
Lease Payments	6,368.49
Less: Current Maturities	(4,759.06)
Long-Term Capital Lease Obligations	<u>\$ 1,609.43</u>

The City has entered into a capital lease agreement in order to make water line and intake improvements throughout the City. Payments are made on the 6<sup>th</sup> day of each month, including an interest rate of 3.0%. Final maturity of the lease is March 6, 2026. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 15,579.96
2021	15,579.96
2022	15,912.00
2023	15,912.00
2024	15,912.00
2025-2026	19,889.67
	98,785.59
Less imputed interest	(10,136.74)
Net Present Value of Minimum	
Lease Payments	88,648.85
Less: Current Maturities	(13,091.68)
Long-Term Capital Lease Obligations	<u>\$ 75,557.17</u>

The City has entered into a capital lease agreement in order to construct a storm shelter. Payments are made on the 6<sup>th</sup> day of each month, including an interest rate of 3.0%. Final maturity of the lease is March 6, 2026. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 4,637.64
2021	4,637.64
2022	4,736.28
2023	4,736.28
2024	4,736.28
2025-2026	5,920.28
	29,404.40
Less imputed interest	(3,060.66)
Net Present Value of Minimum	
Lease Payments	26,343.74
Less: Current Maturities	(3,897.01)
Long-Term Capital Lease Obligations	<u>\$ 22,446.73</u>

## 5. **CAPITAL LEASE OBLIGATIONS** (Continued)

The City has entered into a capital lease agreement in order to purchase a police pickup truck. Payments are made on the 1<sup>st</sup> day of each month, including an interest rate of 3.0%. Final maturity of the lease is May 1, 2023. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 4,923.24
2021	4,923.24
2022	4,923.24
2023	<u>2,018.91</u>
	16,788.63
Less imputed interest	<u>(845.05)</u>
Net Present Value of Minimum	
Lease Payments	15,943.58
Less: Current Maturities	<u>(4,506.69)</u>
Long-Term Capital Lease Obligations	<u>\$ 11,436.89</u>

The City has entered into a capital lease agreement in order to purchase a fire truck and a pickup truck. Payments are made on the 1<sup>st</sup> day of each month, including an interest rate of 4.5%. Final maturity of the lease is April 1, 2025. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 10,275.72
2021	10,275.72
2022	10,275.72
2023	10,275.72
2024	10,275.72
2025	<u>3,254.58</u>
	54,633.18
Less imputed interest	<u>(6,107.86)</u>
Net Present Value of Minimum	
Lease Payments	48,525.32
Less: Current Maturities	<u>(8,261.85)</u>
Long-Term Capital Lease Obligations	<u>\$ 40,263.47</u>

## 6. **DEFINED BENEFIT PENSION PLAN**

### General Information about the 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 its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective

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

January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 6% of covered salary. 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, KPERS 3 and KP&F 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 8.89% for KPERS for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$52,078.95 for KPERS for the year ended December 31, 2019.

### Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$376,801.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. 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](http://www.kpers.org) or can be obtained as described above.

## **7. RISK MANAGEMENT**

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

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

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

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2019.

### *Compensated Absences:*

All full-time employees of the City are eligible for vacation benefits in varying annual amounts listed below. Part-time employees who work at least twenty hours or more per week shall earn four hours of vacation for each month of employment. Vacation may be carried over at a maximum of 240 hours at each anniversary date. In the event of termination, unused accrued vacation time is paid.



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

From 0 to 4 years of continuous employment – 10 days  
From 5 to 9 years of continuous employment – 12 days  
From 10 to 14 years of continuous employment – 15 days  
From 15 to 19 years of continuous employment – 18 days  
For 20 or more years of continuous employment – 20 days

Sick leave accrues to all full-time employees at the rate of eight hours of sick leave for each month of service and part-time employees at the rate of four hours for each month of service. Sick leave amounts accrue to a maximum of 960 hours. Unused leave at termination shall be paid as follows:

For five years of continuous employment – 50% of all accrued hours  
For six years of continuous employment – 60% of all accrued hours  
For seven years of continuous employment – 70% of all accrued hours  
For eight years of continuous employment – 80% of all accrued hours  
For nine years of continuous employment – 90% of all accrued hours  
For ten years of continuous employment – 100% of all accrued hours

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

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

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees at December 31, 2019 of \$17,329.44. The City has estimated a liability for sick leave earned, but not taken, by City employees at December 31, 2019 of \$65,489.36.

*Other Post-Employment Benefits:*

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

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

**9. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Special City and County Highway	K.S.A. 12-1,119	\$ 24,640.22
General	Special Park	K.S.A. 12-197	15,653.24
Electric Utility	Employee Benefits	K.S.A. 12-825d	100,000.00

**9. INTERFUND TRANSFERS** (Continued)

Operating transfers were as follows: (Continued)

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Electric Utility	Water Utility	K.S.A. 12-825d	\$ 100,000.00
Water Utility	Water System Debt Service	K.S.A. 12-825d	8,140.00
Water Utility	General Obligation Bond And Interest Fund	K.S.A. 12-825d	139,277.00
Water Utility	Water System Bond Reserve	K.S.A. 12-825d	816.00
Water Utility	Water Reserve	K.S.A. 12-825d	4,500.00
Sewer Utility	General Obligation Bond And Interest Fund	K.S.A. 12-825d	124,594.27
Sewer Utility	Sewer Reserve	K.S.A. 12-631o	1,500.00

**10. SUBSEQUENT EVENTS**

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statement. However, in December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." The U.S. government has implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The extent of the impact of the COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19. Currently the City is experiencing significant declines in sales tax collections, utility collections, and overall receipts. The results of operations for full year 2020 may be materially adversely affected. Additionally, the City acquired a new dump truck for the amount of \$25,809.00 by purchasing with a capital lease.

## **SUPPLEMENTARY INFORMATION**

## CITY OF CHETOPA, KANSAS

Summary of Expenditures - Actual and Budget  
 (Budgeted Funds Only)  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 627,191.00	\$ 958.73	\$ 628,149.73	\$ 587,444.73	\$ (40,705.00)
Special Purpose Funds:					
Fire Fighter Equipment	44,185.00	-	44,185.00	4,407.25	(39,777.75)
Special Law Enforcement	4,300.00	-	4,300.00	3,560.94	(739.06)
City Building	4,571.00	-	4,571.00	-	(4,571.00)
Special City and County Highway	80,000.00	-	80,000.00	73,219.85	(6,780.15)
Library	11,500.00	-	11,500.00	11,262.87	(237.13)
Special Park	35,000.00	-	35,000.00	22,874.96	(12,125.04)
Employee Benefits	242,000.00	-	242,000.00	173,813.92	(68,186.08)
Industrial Development	3,847.00	-	3,847.00	(17.87)	(3,864.87)
Debt Service:					
General Obligation Bond and Interest	263,872.00	-	263,872.00	263,871.27	(0.73)
Business Funds:					
Water Utility	431,261.00	-	431,261.00	410,745.33	(20,515.67)
Sewer Utility	228,074.00	-	228,074.00	217,202.41	(10,871.59)
Refuse Utility	126,560.00	-	126,560.00	103,228.72	(23,331.28)
Electric Utility	1,741,301.00	-	1,741,301.00	1,229,138.82	(512,162.18)

**CITY OF CHETOPA, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 110,457.33	\$ 112,926.00	\$ (2,468.67)
Delinquent Tax	11,721.93	4,880.00	6,841.93
Motor Vehicle Tax	18,934.87	20,052.00	(1,117.13)
Recreational Vehicle Tax	91.10	120.00	(28.90)
16 & 20M Truck Tax	251.54	169.00	82.54
Commercial Vehicle Tax	77.83	49.00	28.83
Watercraft Tax	-	46.00	(46.00)
Excise Tax	0.09	12.00	(11.91)
Sales Tax	214,256.04	182,000.00	32,256.04
Franchise Tax	10,236.96	6,500.00	3,736.96
Neighborhood Revitalization Rebate	(501.35)	(499.00)	(2.35)
Special Assessments	4,104.24	-	4,104.24
Charges for Services			
Licenses and Fees	551.00	600.00	(49.00)
Swimming Pool	3,039.26	3,500.00	(460.74)
Fines, Forfeitures and Penalties			
Fines	45,235.51	65,000.00	(19,764.49)
Use of Money and Property			
Capital Lease Proceeds	43,000.00	-	43,000.00
Interest Income	274.84	225.00	49.84
Other Receipts			
Reimbursed Expense	958.73	-	958.73
Miscellaneous	999.03	10,000.00	(9,000.97)
Operating Transfers from:			
Electric Utility Fund	-	99,000.00	(99,000.00)
Total Receipts	463,688.95	\$ 504,580.00	\$ (40,891.05)
Expenditures			
General Government			
Personal Services	5,005.25	\$ 5,000.00	\$ 5.25
Contractual Services	122,596.92	155,000.00	(32,403.08)
Commodities	16,384.46	12,100.00	4,284.46
Capital Lease - Storm Shelter	4,637.64	4,638.00	(0.36)
Police			
Personal Services	194,458.69	181,971.00	12,487.69
Contractual Services	18,063.47	15,300.00	2,763.47
Commodities	32,567.60	22,000.00	10,567.60
Capital Lease - Police Trucks	9,787.56	9,788.00	(0.44)

**CITY OF CHETOPA, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures			
Fire			
Personal Services	\$ 3,393.36	\$ 5,000.00	\$ (1,606.64)
Contractual Services	10,801.13	20,000.00	(9,198.87)
Commodities	19,182.08	10,123.00	9,059.08
Capital Outlay	33,500.00	-	33,500.00
Capital Lease - Fire Trucks	10,296.65	10,276.00	20.65
First Responders			
Personal Services	33.75	-	33.75
Contractual Services	3,874.14	3,900.00	(25.86)
Commodities	1,360.77	2,000.00	(639.23)
Swimming Pool			
Personal Services	11,307.39	10,250.00	1,057.39
Contractual Services	1,262.75	2,600.00	(1,337.25)
Commodities	2,528.44	3,500.00	(971.56)
Parks			
Personal Services	6,143.21	8,000.00	(1,856.79)
Contractual Services	4,372.38	5,000.00	(627.62)
Commodities	2,334.49	7,224.00	(4,889.51)
Capital Outlay	9,047.00	-	9,047.00
Museum			
Contractual Services	3,030.02	4,700.00	(1,669.98)
Commodities	475.03	1,224.00	(748.97)
Municipal Court			
Contractual Services	-	46,000.00	(46,000.00)
Street			
Personal Services	20,625.24	20,000.00	625.24
Contractual Services	102.80	30,000.00	(29,897.20)
Commodities	(20.95)	31,597.00	(31,617.95)

**CITY OF CHETOPA, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Expenditures			
Operating Transfer to:			
Special City and County			
Highway Fund	\$ 24,640.22	\$ -	\$ 24,640.22
Special Park Fund	15,653.24	-	15,653.24
Total Certified Budget		627,191.00	(39,746.27)
Adjustments for Qualifying			
Budget Credits		958.73	(958.73)
Total Expenditures	587,444.73	\$ 628,149.73	\$ (40,705.00)
Receipts Over(Under) Expenditures	(123,755.78)		
Unencumbered Cash, Beginning	224,784.26		
Unencumbered Cash, Ending	\$ 101,028.48		

**CITY OF CHETOPA, KANSAS**  
**FIRE FIGHTING EQUIPMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipt			
Delinquent Taxes	\$ 18.99	\$ 28.00	\$ (9.01)
Charges for Services			
Rural Fire Contracts	15,652.00	10,000.00	5,652.00
Total Receipts	15,670.99	\$ 10,028.00	\$ 5,642.99
Expenditures			
Fire Fighting Equipment			
Commodities	4,407.25	\$ 44,185.00	\$ (39,777.75)
Total Expenditures	4,407.25	\$ 44,185.00	\$ (39,777.75)
Receipts Over(Under) Expenditures	11,263.74		
Unencumbered Cash, Beginning	39,809.60		
Unencumbered Cash, Ending	\$ 51,073.34		



**CITY OF CHETOPA, KANSAS**  
**SPECIAL LAW ENFORCEMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Charges for Services			
Court Fees	\$ -	\$ 2,800.00	\$ (2,800.00)
VIN Fees	-	250.00	(250.00)
Other Receipts			
Reimbursed Expense	1,590.00	-	1,590.00
Total Receipts	1,590.00	\$ 3,050.00	\$ (1,460.00)
Expenditures			
Public Safety			
Contractual Servicers	3,560.94	\$ 2,000.00	\$ 1,560.94
Commodities	-	2,300.00	(2,300.00)
Total Expenditures	3,560.94	\$ 4,300.00	\$ (739.06)
Receipts Over(Under) Expenditures	(1,970.94)		
Unencumbered Cash, Beginning	3,954.34		
Unencumbered Cash, Ending	\$ 1,983.40		

**CITY OF CHETOPA, KANSAS**  
**CITY BUILDING FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Use of Money and Property			
Interest Income	\$ -	\$ -	\$ -
Total Receipts	-	-	-
Expenditures			
Employee Benefits			
Contractual Services	-	\$ 4,571.00	\$ (4,571.00)
Total Expenditures	-	\$ 4,571.00	(4,571.00)
Receipts Over(Under) Expenditures	-		
Unencumbered Cash, Beginning	7,070.87		
Unencumbered Cash, Ending	\$ 7,070.87		

**CITY OF CHETOPA, KANSAS**  
**SPECIAL CITY AND COUNTY HIGHWAY FUND**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Taxes and Shared Receipts			
Sales Tax	\$ -	\$ 20,350.00	\$ (20,350.00)
Intergovernmental			
Special Highway Tax	28,549.21	28,770.00	(220.79)
Operating Transfer from:			
General Fund	24,640.22	30,000.00	(5,359.78)
Total Receipts	53,189.43	\$ 79,120.00	\$ (25,930.57)
Expenditures			
General Government			
Contractual Services	8,849.15	\$ 50,000.00	\$ (41,150.85)
Commodities	19,245.70	30,000.00	(10,754.30)
Capital Outlay	45,125.00	-	45,125.00
Total Expenditures	73,219.85	\$ 80,000.00	\$ (6,780.15)
Receipts Over(Under) Expenditures	(20,030.42)		
Unencumbered Cash, Beginning	36,706.35		
Unencumbered Cash, Ending	\$ 16,675.93		

**CITY OF CHETOPA, KANSAS**  
**LIBRARY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Taxes	\$ 8,795.52	\$ 9,802.00	\$ (1,006.48)
Delinquent Taxes	1,009.52	616.00	393.52
Motor Vehicle Taxes	1,784.84	1,894.00	(109.16)
Recreational Vehicle Taxes	8.61	11.00	(2.39)
16/20M Truck Taxes	21.36	16.00	5.36
Commercial Vehicle Taxes	7.35	5.00	2.35
Watercraft Taxes	-	4.00	(4.00)
Excise Tax	-	1.00	(1.00)
Neighborhood Revitalization Rebate	(39.92)	(40.00)	0.08
Total Receipts	11,587.28	\$ 12,309.00	\$ (721.72)
Expenditures			
Culture and Recreation			
Appropriation to Library Board	11,262.87	\$ 11,500.00	\$ (237.13)
Total Expenditures	11,262.87	\$ 11,500.00	\$ (237.13)
Receipts Over(Under) Expenditures	324.41		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	\$ 324.41		

**CITY OF CHETOPA, KANSAS**  
**SPECIAL PARK FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Sales Tax	\$ -	\$ 20,350.00	\$ (20,350.00)
Charges for Services			
Camper Fees	7,329.00	5,000.00	2,329.00
Operating Transfer from:			
General Fund	15,653.24	7,500.00	8,153.24
Total Receipts	22,982.24	\$ 32,850.00	\$ (9,867.76)
Expenditures			
General Government			
Contractual	3,770.77	\$ 7,500.00	\$ (3,729.23)
Commodities	19,104.19	27,500.00	(8,395.81)
Total Expenditures	22,874.96	\$ 35,000.00	\$ (12,125.04)
Receipts Over(Under) Expenditures	107.28		
Unencumbered Cash, Beginning	11,197.50		
Unencumbered Cash, Ending	\$ 11,304.78		

**CITY OF CHETOPA, KANSAS**  
**EMPLOYEE BENEFITS FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Taxes	\$ 69,684.08	\$ 77,653.00	\$ (7,968.92)
Motor Vehicle Taxes	12,088.57	12,822.00	(733.43)
Delinquent Taxes	7,007.49	4,020.00	2,987.49
Recreational Vehicle Taxes	58.25	76.00	(17.75)
16/20M Truck Taxes	148.66	108.00	40.66
Commercial Vehicle Taxes	49.78	31.00	18.78
Watercraft Taxes	-	29.00	(29.00)
Excise Tax	0.05	7.00	(6.95)
Neighborhood Revitalization Rebate	(316.29)	(315.00)	(1.29)
Other Receipts			
Withholdings	-	40,000.00	(40,000.00)
Miscellaneous	27,643.32	-	27,643.32
Operating Transfers from:			
Electric Utility Fund	100,000.00	100,000.00	-
Total Receipts	216,363.91	\$ 234,431.00	\$ (18,067.09)
Expenditures			
General Government			
Personal Services	121,968.11	\$ 51,100.00	\$ 70,868.11
Contractual Services	51,845.81	190,900.00	(139,054.19)
Total Expenditures	173,813.92	\$ 242,000.00	\$ (68,186.08)
Receipts Over(Under) Expenditures	42,549.99		
Unencumbered Cash, Beginning	49,477.10		
Unencumbered Cash, Ending	\$ 92,027.09		

**CITY OF CHETOPA, KANSAS**  
**INDUSTRIAL DEVELOPMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Delinquent Taxes	\$ 336.00	\$ 278.00	\$ 58.00
Motor Vehicle Taxes	17.26	-	17.26
16/20M Truck Taxes	10.70	-	10.70
Excise Tax	0.01	-	0.01
Other Receipts			
Miscellaneous	2,100.00	-	2,100.00
Total Receipts	2,463.97	\$ 278.00	\$ 2,185.97
Expenditures			
General Government			
Contractual Services	(17.87)	\$ 3,847.00	\$ (3,864.87)
Total Expenditures	(17.87)	\$ 3,847.00	\$ (3,864.87)
Receipts Over(Under) Expenditures	2,481.84		
Unencumbered Cash, Beginning	6,616.13		
Unencumbered Cash, Ending	\$ 9,097.97		

**CITY OF CHETOPA, KANSAS**  
**WATER SYSTEM BOND RESERVE FUND**  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2019

	<div style="border-top: 1px solid black; border-bottom: 1px solid black; display: inline-block; padding: 2px 5px;">                     Current Year Actual                 </div>
Receipts	
Operating Transfer from:	
Water Utility Fund	\$ 816.00
Total Receipts	816.00
Expenditures	
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	816.00
Unencumbered Cash, Beginning	16,320.00
Unencumbered Cash, Ending	\$ 17,136.00



**CITY OF CHETOPA, KANSAS**  
**GENERAL OBLIGATION BOND AND INTEREST FUND**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Operating Transfers from:			
Water Utility Fund	\$ 139,277.00	\$ 139,278.00	\$ (1.00)
Sewer Utility Fund	124,594.27	124,594.00	0.27
Total Receipts	263,871.27	\$ 263,872.00	\$ (0.73)
Expenditures			
Debt Service			
Principal	99,038.40	\$ 99,038.00	\$ 0.40
Interest	164,832.87	164,834.00	(1.13)
Total Expenditures	263,871.27	\$ 263,872.00	\$ (0.73)
Receipts Over(Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	\$ -		

**CITY OF CHETOPA, KANSAS**  
**WATER SYSTEM DEBT SERVICE FUND**  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Current</u> <u>Year</u> <u>Actual</u>
Receipts	
Operating Transfers from:	
Water Utility	\$ 8,140.00
Total Receipts	<u>8,140.00</u>
Expenditures	
Debt Service	
Principal	3,200.00
Interest	<u>4,940.00</u>
Total Expenditures	<u>8,140.00</u>
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Charges for Services			
Water Sales	\$ 374,641.05	\$ 390,150.00	\$ (15,508.95)
Customer Deposits	-	3,500.00	(3,500.00)
Penalties	9.18	-	9.18
Use of Money and Property			
Interest Income	242.60	450.00	(207.40)
Operating Transfer from:			
Electric Utility Fund	100,000.00	-	100,000.00
Total Receipts	474,892.83	\$ 394,100.00	\$ 80,792.83
Expenditures			
Production			
Personal Services	102,817.57	\$ 105,000.00	\$ (2,182.43)
Contractual Services	49,595.08	54,907.00	(5,311.92)
Commodities	61,765.27	74,700.00	(12,934.73)
Distribution			
Contractual Services	2,913.53	3,600.00	(686.47)
Commodities	2,651.62	5,300.00	(2,648.38)
Capital Outlay	-	-	-
General Administrative			
Personal Services	16,658.00	18,840.00	(2,182.00)
Contractual Services	2,008.43	-	2,008.43
Non-Operating			
Contractual Services	4,022.87	5,100.00	(1,077.13)
Debt Service			
Capital Lease - Water Intake Imp	15,579.96	15,580.00	-
Operating Transfers to:			
Water System Debt Service Fund	8,140.00	8,140.00	-
Bond and Interest Fund	139,277.00	139,278.00	(1.00)
Water System Bond Reserve Fund	816.00	816.00	-
Water Reserve Fund	4,500.00	-	4,500.00
Total Expenditures	410,745.33	\$ 431,261.00	\$ (20,515.63)
Receipts Over(Under) Expenditures	64,147.50		
Unencumbered Cash, Beginning	184,476.74		
Unencumbered Cash, Ending	\$ 248,624.24		

**CITY OF CHETOPA, KANSAS**  
**WATER RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Current</u> <u>Year</u> <u>Actual</u>
Receipts	
Operating Transfer from:	
Water Utility	\$ 4,500.00
Total Receipts	<u>4,500.00</u>
Expenditures	
Contractual Services	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over(Under) Expenditures	4,500.00
Unencumbered Cash, Beginning	<u>30,635.72</u>
Unencumbered Cash, Ending	<u><u>\$ 35,135.72</u></u>

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Charges for Services			
Sewer Collections	\$ 184,915.12	\$ 192,000.00	\$ (7,084.88)
Penalties	7.26	-	7.26
Use of Money and Property			
Interest Income	91.60	75.00	16.60
Total Receipts	185,013.98	\$ 192,075.00	\$ (7,061.02)
Expenditures			
Operating Expenditures			
Personal Services	33,577.67	\$ 48,080.00	\$ (14,502.33)
Contractual Services	20,786.42	40,400.00	(19,613.58)
Commodities	36,744.05	15,000.00	21,744.05
Operating Transfers to:			
Bond and Interest Fund	124,594.27	124,594.00	0.27
Sewer Reserve Fund	1,500.00	-	1,500.00
Total Expenditures	217,202.41	\$ 228,074.00	\$ (10,871.59)
Receipts Over(Under) Expenditures	(32,188.43)		
Unencumbered Cash, Beginning	103,628.34		
Unencumbered Cash, Ending	\$ 71,439.91		

**CITY OF CHETOPA, KANSAS**  
**SEWER RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Current</u> <u>Year</u> <u>Actual</u>
Receipts	
Operating Transfer from:	
Sewer Utility	\$ 1,500.00
Total Receipts	<u>1,500.00</u>
Expenditures	
Contractual Services	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over(Under) Expenditures	1,500.00
Unencumbered Cash, Beginning	<u>66,017.78</u>
Unencumbered Cash, Ending	<u><u>\$ 67,517.78</u></u>

**CITY OF CHETOPA, KANSAS**  
**REFUSE UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Charges for Services			
Refuse Collections	\$ 130,870.24	\$ 130,000.00	\$ 870.24
Penalties	2.68	-	2.68
Use of Money and Property			
Interest Income	274.84	225.00	49.84
Other Receipts			
Miscellaneous	20.00	-	20.00
Total Receipts	131,167.76	\$ 130,225.00	\$ 942.76
Expenditures			
Operating Expenditures			
Personal Services	56,842.34	\$ 71,160.00	\$ (14,317.66)
Contractual Services	35,366.01	40,400.00	(5,033.99)
Commodities	11,020.37	15,000.00	(3,979.63)
Total Expenditures	103,228.72	\$ 126,560.00	\$ (23,331.28)
Receipts Over(Under) Expenditures	27,939.04		
Unencumbered Cash, Beginning	71,019.07		
Unencumbered Cash, Ending	\$ 98,958.11		

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Charges for Services			
Electric Sales	\$ 1,477,435.89	\$ 1,863,052.00	\$ (385,616.11)
Customer Deposits	-	12,000.00	(12,000.00)
Penalties	126.73	-	126.73
Use of Money and Property			
Interest Income	1,156.32	500.00	656.32
Other Receipts			
Miscellaneous	1,745.00	2,000.00	(255.00)
Total Receipts	1,480,463.94	\$ 1,877,552.00	\$ (397,088.06)
Expenditures			
Productions			
Contractual Services	3,147.84	\$ 15,000.00	(11,852.16)
Commodities	760,047.08	1,245,000.00	\$ (484,952.92)
Transmission			
Personal Services	42,526.42	40,000.00	2,526.42
Contractual Services	11,252.28	40,000.00	(28,747.72)
Commodities	19,981.31	73,000.00	(53,018.69)
General Administration			
Personal Services	142,419.30	138,901.00	3,518.30
Contractual Services	8,002.90	5,400.00	2,602.90
Commodities	790.57	5,000.00	(4,209.43)
Non-Operating			
Contractual Services	40,971.12	10,000.00	30,971.12
Operating Transfer to:			
General Fund	-	69,000.00	(69,000.00)
Employee Benefits Fund	100,000.00	100,000.00	-
Water Utility Fund	100,000.00	-	100,000.00
Total Expenditures	1,229,138.82	\$ 1,741,301.00	\$ (512,162.18)
Receipts Over(Under) Expenditures	251,325.12		
Unencumbered Cash, Beginning	127,889.84		
Unencumbered Cash, Ending	\$ 379,214.96		



**CITY OF CHETOPA, KANSAS**  
**AGENCY FUNDS**  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2019

Funds	Beginning Cash Balances	Receipts	Disbursements	Ending Cash Balances
Municipal Court	\$ 23,524.49	\$ 67,128.27	\$ 69,546.90	\$ 21,105.86
Payroll Clearing Fund	9.18	-	9.18	-
Electric Meter Deposits	19,550.00	13,811.56	10,419.82	22,941.74
Water Meter Deposits	7,050.00	3,200.00	3,136.71	7,113.29
Total Agency Funds	<u>\$ 50,133.67</u>	<u>\$ 84,139.83</u>	<u>\$ 83,112.61</u>	<u>\$ 51,160.89</u>



The Honorable Mayor and City Council  
City of Chetopa, Kansas

In planning and performing our audit of the financial statement of City of Chetopa, Kansas as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered City of Chetopa, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Chetopa, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Chetopa, Kansas' internal control.

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

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

#### Preparation of Financial Statement

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

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**Jarred, Gilmore & Phillips, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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### Segregation of Duties

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

### Publication of Financial Statements

K.S.A. 12-1608 requires that second class cities publish their quarterly financial statements within 30 days after the end of each quarter. The City of Chetopa's quarterly financial statements were not published.

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
July 15, 2020