

GOLDEN PRAIRIE EXTENSION DISTRICT #12

Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report

For the Year Ended December 31, 2020

MAPES & MILLER LLP
Certified Public Accountants
Quinter, Kansas

GOLDEN PRAIRIE EXTENSION DISTRICT #12

Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Golden Prairie Extension District #12
WaKeeney, Kansas 67672

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balance of Golden Prairie Extension District #12, as of and for the year ended December 31, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* 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.

Auditor's 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 entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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 Golden Prairie Extension District #12 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 Golden Prairie Extension District #12 as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Golden Prairie Extension District #12 as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balance (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and the individual fund schedule of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 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.

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

October 19, 2021

GOLDEN PRAIRIE EXTENSION DISTRICT #12

Summary Statement of Receipts, Expenditures and Unencumbered Cash

Regulatory Basis

For the Year Ended December 31, 2020

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Fund	\$ <u>124,717</u>	<u>609,237</u>	<u>475,689</u>	<u>258,265</u>	<u>15,430</u>	<u>273,695</u>
Total Reporting Entity	\$ <u><u>124,717</u></u>	<u><u>609,237</u></u>	<u><u>475,689</u></u>	<u><u>258,265</u></u>	<u><u>15,430</u></u>	<u><u>273,695</u></u>

Composition of Cash:

Solutions North Bank, WaKeeney, KS

NOW Account \$ 273,695Total Reporting Entity \$ 273,695

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

GOLDEN PRAIRIE EXTENSION DISTRICT #12

Notes to the Financial Statement

December 31, 2020

1. Summary of Significant Accounting Policies

(a) Municipal Financial Reporting Entity

Golden Prairie Extension District #12 was formed on July 1, 2010, under an operational agreement to combine the extension programs of Trego County and Logan County into one extension program. The District was expanded to include Gove County on July 1, 2011. A twelve-member board, consisting of four members from each county who are elected for a four-year term, governs it. The regulatory financial statement presents only Golden Prairie Extension District #12.

(b) Regulatory Basis Fund Types

The following type of fund comprises the financial activities of the District for the year ended December 31, 2020:

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

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

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

The District 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 District to use the regulatory basis of accounting.

(d) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund. 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 final budget on or before August 25th.

The statutes allow the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. A budget comparison schedule is presented, Schedule 2 as listed in the table of contents, for the General Fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, 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.

2. Deposits and Investments

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

K.S.A. 12-1675 limits the District'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 District has no investment policy that would further limit its investments choices.

Concentration of Credit Risk. State statutes place no limit on the amount the District 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 District's deposits may not be returned to it. State statutes require the District'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 District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not use "peak periods" during 2020. All deposits were legally secured at December 31, 2020.

At December 31, 2020, the District's carrying amount of deposits was \$273,695 and the bank balance was \$273,802. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$23,802 was collateralized with securities held by the pledging financial institutions' agent in the District's name.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

3. Other Long-Term Obligations from Operations

(a) Compensated Absences

Full-time non-exempt employees received vacation leave as follows:

First year of service	4 hours per month
After one year of employment	8 hours per month
After five years of employment	12 hours per month

Vacation leave may be accumulated up to a maximum of 160 hours, including compensatory time. Unused vacation leave is paid at termination of employment up to a maximum of one year's allowance. As of December 31, 2020, vacation and compensatory leave payable totaled \$11,078.

Sick leave is earned at a rate of 8 hours per month. Unused sick leave is not paid at termination of employment.

(b) Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public 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, 2020.

4. Defined Benefit Pension Plan

Plan description. Golden Prairie Extension District #12 participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, 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 January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contributions rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the District were \$16,810 for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the District's proportionate share of the collective net pension liability reported by KPERS was \$165,564. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District'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 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 publicly available on the website at www.kpers.org or can be obtained as described above.

5. Risk Management

The District carries commercial insurance for risks of loss, including property, liability, and automobiles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

6. Stewardship, Compliance and Accountability**(a) Substantial Interests**

K.S.A. 75-4302a requires an individual who is elected or appointed to a local office to file a written report disclosing substantial interests within the timeframe established by the statute. Two appointed board members and one elected by write-in did not file the required form. This is a violation of this statute.

(b) Funds Disbursed by Law

K.S.A. 12-105a requires all claims against a municipality be presented in writing and approved by the governing body unless the claims meet one of the exemptions listed in K.S.A. 12-105b. K.S.A. 12-105b (e) does allow a municipality to authorize an officer or employee to pay any claim which may provide discount for early payment, or to avoid assessment of a penalty for late payment prior to approval by the governing body. Several claims were paid for utilities, insurance, copier lease, and credit card charges prior to board approval. The board has not authorized an employee to pay claims meeting an exemption listed in K.S.A. 12-105b prior to board approval. This is a violation of this statute.

(c) Lease Agreements

K.S.A 10-1116b states that lease agreements should specifically state that the District is only obligated to make payments from funds budgeted and appropriated for that purpose. The lease agreement with Dealer's First for the copier at the Oakley office did not have the non-appropriation clause needed to comply with the statute. This is a violation of this statute.

7. Extension Agents' Salaries

In accordance with K.S.A. 2-608, Kansas State University of Agriculture and Applied Science contributes federal and state funds granted for cooperative extension work towards the salary of each extension agent employed. The extension agents are considered employees of the University for all payroll reporting purposes. The District reimburses the University on a monthly basis for its portion of the agents' salaries, benefits, and payroll taxes not funded by the University. The District reports the portion of the agents' salaries funded by the University as an in-kind receipt from Kansas State University and a corresponding salaries expenditure. The total amount reported as an in-kind receipt and expenditure for the year ended December 31, 2020, was \$69,300.

8. Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date the financial statement was available to be issued.

9. CRF and CARES Act Funding

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local government in the amount of \$400 million. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which include audit requirements, can be found at <https://covid.ks.gov/>. In 2020, the District did not receive any CRF.

10. COVID-19

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

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

GOLDEN PRAIRIE EXTENSION DISTRICT #12**SCHEDULE 1**

Summary of Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Over (Under)</u>
General Fund	\$ 717,566	0	717,566	475,689	(241,877)

GOLDEN PRAIRIE EXTENSION DISTRICT #12**SCHEDULE 2****General Fund**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Receipts:			
Taxes	\$ 526,791	524,286	2,505
Kansas State University	69,300	108,108	(38,808)
Non-Appropriated Funds	11,183	30,000	(18,817)
Other Receipts	1,963	3,000	(1,037)
	<u>609,237</u>	<u>665,394</u>	<u>(56,157)</u>
Total Receipts	<u>609,237</u>	<u>665,394</u>	<u>(56,157)</u>
Expenditures:			
Print and Audit	14,107	21,000	(6,893)
Telephone	14,393	17,000	(2,607)
Rent and Utilities	2,782	11,000	(8,218)
Supplies and Postage	18,572	16,000	2,572
Equipment	25,347	60,000	(34,653)
Education Program Support	15,223	25,000	(9,777)
Travel	11,565	23,000	(11,435)
Subsistence	1,639	11,500	(9,861)
Salaries	307,081	380,000	(72,919)
Employer Contributions	45,504	65,000	(19,496)
Capital Outlay	240	58,066	(57,826)
Non-Appropriated (Reimbursable)	19,236	30,000	(10,764)
	<u>475,689</u>	<u>717,566</u>	<u>(241,877)</u>
Total Expenditures	<u>475,689</u>	<u>717,566</u>	<u>(241,877)</u>
Receipts Over (Under) Expenditures	133,548		
Unencumbered Cash, Beginning	<u>124,717</u>		
Unencumbered Cash, Ending	\$ <u>258,265</u>		