

**WILDCAT EXTENSION DISTRICT #14
GIRARD, KS**

FINANCIAL STATEMENT
WITH
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

WILDCAT EXTENSION DISTRICT #14

**FINANCIAL STATEMENT
WITH
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION
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Independent Auditor's Report

To the Board
Wildcat Extension District #14
Girard, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Wildcat Extension District #14, 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 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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 that 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 the 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 2 of the financial statement, the financial statement is prepared by the Wildcat Extension District #14 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 2 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 Wildcat Extension District #14, as of December 31, 2019, or changes in the financial position and cash flows thereof for the year then ended.

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 Wildcat Extension District #14, 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 2.

Report on Supplementary Information


Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional 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 2.

The 2018 actual column presented in the individual fund schedule of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement.

We previously audited, in accordance with the auditing standards generally accepted in the United States of America, the basic financial statement of Wildcat Extension District #14, as of and for the year ended

December 31, 2019 (not presented herein), and have issued our report thereon dated February 8, 2020, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>.

The 2018 actual column (2018 comparative information) presented in the individual fund schedule of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to the 2018 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 2018 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2018, on the basis of accounting described in Note 2.

A handwritten signature in dark ink that reads "Summers, Spencer & Company, P.A." in a cursive, flowing script.

Summers, Spencer & Company, P.A.

Topeka, Kansas

September 1, 2020

WILDCAT EXTENSION DISTRICT #14

Statement 1

**Summary Statement of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)
For the Year Ended December 31, 2019**

Fund	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 538,260	\$ 1,493,202	\$ 1,264,819	\$ 766,643	\$ -	\$ 766,643
Composition of Cash:				Checking Account		\$ 429,724
				Savings		336,919
				Total Cash		\$ 766,643

WILDCAT EXTENSION DISTRICT #14

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

Note 1 – Reporting entity

The Wildcat Extension District #14 is an outreach of Kansas State Research and Extension Department of Kansas State University, formed under K.S.A. 2-623 *et seq.* The District provides educational services and programs in such areas as agriculture, family and consumer sciences, 4-H clubs, and economic development, to persons in Crawford, Labette, Wilson and Montgomery Counties. The District was formed under an operational agreement on July 1, 2011 by the merging of Crawford, Labette and Montgomery County Extension Councils, and in 2017 Wilson County Extension Council joined the District. The District has its own property tax levy and is governed by a twelve-member executive board.

Note 2 – Summary of significant account policies

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.

Fund Descriptions. The following types of funds comprise the financial activities of the District for the year ended December 31, 2019:

General Fund - The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Salaries. Pursuant to the Memorandum of Understanding between Kansas State University College of Agriculture and Applied Science, and involved Counties, the University pays for a portion of the extension agent's salaries, payroll taxes, and benefits, and bills the remainder to the District on a monthly basis. The extension agents are considered employees of the University for all payroll reporting purposes.

The District prepares monthly financial statements and submits them to the University for review. The monthly statements report the total extension agent salaries as an expenditure and include the portion paid by the University as a receipt.

Note 3 – 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:

WILDCAT EXTENSION DISTRICT #14

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

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 a 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. 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. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District 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.

Note 4 – 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 county in which the District 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 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 deposits 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 investment 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 City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated a "peak period." All deposits were legally secured at December 31, 2019.

WILDCAT EXTENSION DISTRICT #14

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

At December 31, 2019, the District's carrying amount of deposits was \$766,643. The bank balance was \$811,009 held by one bank resulting in a concentration of credit risk. \$250,000 of the bank balance was covered by federal depository insurance and \$561,009 covered by pledged securities.

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.

Note 5 – Other post-employment benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employee 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 District under this program.

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.

Note 6 – Compensated absences

District employees are eligible for vacation benefits that accrue as follows: 0 to 5 years of employment accrue 1 day per month; 5 to 14 years employment accrue 1 ½ days per month and 15 years or more accrue 1 ¾ days per month. Employees may accumulate up to 30 days of vacation; any vacation accumulated in excess will be forfeited.

All full-time District employees earn sick leave at a rate of one day per month, there is no limit on the amount that can be accumulated. The District does not compensate for any unused sick leave, however upon retirement an employee will be compensated for 30 days of unused sick leave, if they have accumulated at least 100 days. Retirement is defined as being eligible for Social Security Benefits.

The liability for accrued vacation and sick pay is not reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2019. The cost of vacation and sick pay are recognized as expenditures when paid.

Note 7 – Subsequent events

The District's management has evaluated events and transactions occurring after December 31, 2019 through the date of the Auditor's report and determined that no subsequent events have occurred that would require recognition in the financial statements.

As a result of significant disruption in the U.S. economy due to the outbreak of the COVID-19 coronavirus in 2020, uncertainties have arisen which are likely to negatively impact future operating results. The duration and extent to which COVID-19 may impact financial performance is unknown at this time.

WILDCAT EXTENSION DISTRICT #14

REGULATORY – REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

WILDCAT EXTENSION DISTRICT #14

Schedule 1

**Summary of Expenditures – Actual and Budget (Regulatory Basis)
For the Year Ended December 31, 2019**

<u>Funds</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	\$ 1,715,185	\$ -	\$ 1,715,185	\$ 1,264,819	\$ (450,366)

WILDCAT EXTENSION DISTRICT #14

Schedule 2

General Fund

Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)

For the Year Ended December 31, 2019

(With Comparable Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash receipts				
Taxes and shared revenue				
Ad valorem tax	\$ 1,043,171	\$ 1,090,907	\$ 1,330,318	\$ (239,411)
Delinquent tax	7,663	11,726	-	11,726
Motor vehicle tax	116,878	127,192	124,295	2,897
Recreation vehicle tax	1,451	1,646	1,631	15
16/20M vehicle tax	2,460	2,818	4,076	(1,258)
Commercial vehicle tax	4,264	3,895	5,398	(1,503)
Watercraft tax	245	118	491	(373)
Excise tax	238	268	-	268
Kansas State University	181,147	176,639	183,976	(7,337)
Educational services reimbursements	44,455	73,539	60,000	13,539
Facility fees and other	3,051	4,454	5,000	(546)
Total cash receipts	<u>1,405,023</u>	<u>1,493,202</u>	<u>\$ 1,715,185</u>	<u>\$ (221,983)</u>
Expenditures				
Audit, bond, insurance, and legal fees	30,235	26,881	\$ 28,000	\$ (1,119)
Telephone	24,831	20,929	27,000	(6,071)
Rent and utilities	52,477	56,508	58,000	(1,492)
Supplies, stationary, and postage	19,260	24,266	41,150	(16,884)
Repairs and maintenance	70,714	68,285	52,000	16,285
Educational program support	16,894	9,058	50,000	(40,942)
Travel	31,136	32,458	52,000	(19,542)
Subsistence	12,318	11,660	15,000	(3,340)
Salaries and wages	777,463	799,493	899,000	(99,507)
Employee benefits	149,065	158,839	215,000	(56,161)
Capital outlay	36,750	-	200,000	(200,000)
Miscellaneous	32,332	56,442	78,035	(21,593)
Total expenditures	<u>1,253,475</u>	<u>1,264,819</u>	<u>\$ 1,715,185</u>	<u>\$ (450,366)</u>
Receipts over (under) expenditures	151,548	228,383		
Unencumbered cash, beginning	<u>386,712</u>	<u>538,260</u>		
Unencumbered cash, ending	<u>\$ 538,260</u>	<u>\$ 766,643</u>		