

Williamsport Township, Shawnee County Kansas
Financial Statement
For the Year Ended December 31, 2018
And
Independent Auditor's Report

Williamsport Township, Shawnee County Kansas

Financial Statement For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

January 16, 2019

To the Board

Williamsport Township, Shawnee County, Kansas

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances, of Williamsport Township, Shawnee County Kansas, (Township) as of and for the year ended December 31, 2018 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 1C; 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

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my 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 I 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 Township's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

As described in Note 1C of the financial statement, the financial statement is prepared by the Township on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a regulatory 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 1C 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 my 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 Township as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Township as of December 31, 2018, 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 1C.

Other Matter

Supplementary Information

My 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 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 my 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 1C.



John R. Welch C.P.A.
Topeka, Kansas

**Summary Statement of Regulatory Basis
Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2018**

	<u>Fund</u>		
	<u>General</u>	<u>Special Machinery</u>	<u>Total Township</u>
Beginning Unencumbered Cash Balance	\$ 62,055.14	\$ 206,102.21	\$ 268,157.35
Prior Year Cancelled Encumbrances	1,101.41	-	1,101.41
Receipts	938,795.63	46,000.00	984,795.63
Expenditures	<u>(893,213.95)</u>	<u>(23,302.02)</u>	<u>(916,515.97)</u>
Ending Unencumbered Cash Balance	108,738.23	228,800.19	337,538.42
Add Encumbrances and Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>
Ending Cash Balance	<u>\$ 108,738.23</u>	<u>\$ 228,800.19</u>	<u>\$ 337,538.42</u>
 Composition of Cash			
Checking Account			<u>\$ 337,538.42</u>
 Total Township			 <u><u>\$ 337,538.42</u></u>

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

Williamsport Township, Shawnee County Kansas

Notes to the Financial Statement December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – MUNICIPAL FINANCIAL REPORTING ENTITY

The Williamsport Township, (Township), is a municipal corporation governed by an elected three-member board, and provides the following services: Road Maintenance, Public Improvements, and General Administrative Services. This financial statement presents the Williamsport Township.

B – Regulatory Basis Fund Types

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

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt 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.

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business 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.)

C – Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America: K.S.A. 75-1120a requires that financial statements in municipal audit reports be presented in accordance with accounting principles generally accepted in the United States of America (GAAP), unless a resolution waiving the GAAP requirement is passed by the municipality. When the GAAP financial presentation requirement is waived, K.S.A. 75-1120a(c) requires the municipality to present its financial statement on a regulatory basis, designed to demonstrate compliance with the Kansas Cash Basis Law, which is a special purpose framework basis of accounting. The Kansas Municipal Audit and Accounting Guide (KMAAG) is the authoritative source defining this accounting special purpose framework.

The Township 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 Township to use the regulatory basis of accounting.

Williamsport Township, Shawnee County Kansas

Notes to the Financial Statement December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C – Basis of Accounting (continued)

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 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.

When a regulatory basis financial statement is available to be released for general use, generally accepted auditing standard AU-C-800.21, requires the auditor to express an opinion about whether the financial statement is prepared in accordance with the regulatory basis special purpose framework. The auditor is also required in a separate paragraph to express an opinion about whether the regulatory, special purpose financial statement is presented fairly, in all material respects, in accordance with GAAP.

D - Budgetary Information

Kansas's 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.

Williamsport Township, Shawnee County Kansas

Notes to the Financial Statement December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D - Budgetary Information (continued)

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 Township for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, and certain special purpose funds. Special machinery is not required to adopt a budget.

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.

The budget was not amended in 2018.

NOTE 2 Deposits and Investments

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

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

Williamsport Township, Shawnee County Kansas

Notes to the Financial Statement December 31, 2018

NOTE 2 Deposits and Investments (continued)

Concentration of credit risk State statutes place no limit on the amount the Township 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 Township's deposits may not be returned to it. State statutes require the Township'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%. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the Township's carrying amount of deposits at Capital City Bank was \$337,538.42 and the bank balance was \$363,244.04. \$250,000.00 of the bank balance was covered by federal depository insurance and \$113,244.04 was secured by pledged Wyandotte County and Franklin County general obligation bonds.

NOTE 3 Long Term Lease

<u>Capital Lease</u>	<u>Interest %</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Maturity</u>
2016JOHN DEERE 6110M	3.5%	4-28-17	\$134,428.00	4-21-20

Changes in long-term liabilities for the Township for the year ended December 31, 2018, were as follows:

<u>Capital Lease</u>	<u>Additions</u>	<u>Payments</u>	<u>End of Year</u>	<u>Interest Paid</u>
2016JOHN DEERE 6110M	\$104,428.00	\$33,604.61	\$70,823.39	3,714.72

<u>Capital Lease</u>	<u>2019</u>	<u>2020</u>
2016JOHN DEERE 6110M		
Principle	\$34,785.83	\$36,037.56
Interest	<u>2,533.50</u>	<u>1,281.77</u>
Total	<u>\$37,319.33</u>	<u>\$37,319.33</u>

Williamsport Township, Shawnee County Kansas

Notes to the Financial Statement December 31, 2018

NOTE 4 Defined Benefit Pension Plan

Plan description. The Township 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 publically 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 and KPERS-2 and KPERS-3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from Township was \$6,689.12 for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2017, the Township's proportionate share of the collective net pension liability reported by KPERS was \$60,154.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on the ratio of the Township's contributions to KPERS, relative to the total employer and nonemployee 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. As of the issuance of this statement the December 31, 2018 net pension liability was not yet available from KPERS.

Williamsport Township, Shawnee County Kansas

Notes to the Financial Statement December 31, 2018

Note 4 Defined Benefit Pension Plan (continued)

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.

NOTE 5 Interfund Transfers

Operating transfers were as follows:

<u>FROM</u>	<u>TO</u>	<u>AMOUNT</u>	<u>STATUTE</u>
General Fund	Special Machinery	\$46,000.00	K.S.A 80-122

NOTE 6 Stewardship, Compliance and Accountability

The Township had no reported instances of material non-compliance.

NOTE 7 Subsequent Events

In preparing this financial statement, the Municipality has evaluated events and transactions for potential recognition or disclosure through January 16, 2019, the date the financial statement was available for issue.

REGULATORY - REQUIRED

SUPPLEMENTARY INFORMATION

**Summary of Regulatory Basis Expenditures - Actual and Budget
Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2018**

	<u>Fund</u>		
	<u>General</u>	<u>Special Machinery</u>	<u>Total Primary Government</u>
Certified Budget	\$ 1,010,581.00	Fund not required by statute to be	\$ 1,010,581.00
Adjustment to Qualifying Budget Credits	<u>-</u>	<u>budgeted</u>	<u>-</u>
Total Budget For Comparison	1,010,581.00	-	1,010,581.00
Expenditures Chargeable to Current Year	<u>893,213.95</u>	<u>23,302.02</u>	<u>916,515.97</u>
Variance Favorable (Unfavorable)	<u>\$ 117,367.05</u>	<u>\$ (23,302.02)</u>	<u>\$ 94,065.03</u>

See independent auditor's report on required supplementary information.

Williamsport Township, Shawnee County Kansas Schedule 2 -1

General

**Schedule of Regulatory Basis Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2018**

	Actual	Budget	Variance Over (Under)
Receipts			
Ad Valorem Tax	\$ 770,388.88	\$ 780,468.00	\$ (10,079.12)
Delinquent Tax	16,510.53	-	16,510.53
Motor Vehicle Tax	107,203.05	100,392.00	6,811.05
Recreational Vehicle Tax	1,808.34	1,622.00	186.34
I6/20M Vehicle Tax	759.80	693.00	66.80
CMV Fees	8,213.75	6,920.00	1,293.75
Special Highway	22,347.72	18,493.00	3,854.72
Watercraft	-	662.00	(662.00)
Truck Sold	10,000.00	-	10,000.00
Miscellaneous Other	1,309.00	-	1,309.00
Interest	254.56	200.00	54.56
Total Receipts	<u>938,795.63</u>	<u>909,450.00</u>	<u>29,345.63</u>
Expenditures			
Board Compensation	12,600.00	12,600.00	-
Department Wages	94,695.42	96,866.00	(2,170.58)
KPERS Retirement Expense	6,636.49	7,750.00	(1,113.51)
FICA & Medicare Expense	8,207.97	8,374.00	(166.03)
State Unemployment Tax	210.07	980.00	(769.93)
Accounting Fees	7,150.00	9,400.00	(2,250.00)
Audit Fees	4,000.00	4,000.00	-
Legal Fees	7,817.50	9,600.00	(1,782.50)
Insurance	11,732.02	12,000.00	(267.98)
Publications	48.03	150.00	(101.97)
Mileage	526.48	390.00	136.48
Water	440.41	350.00	90.41
Lights	2,453.19	2,200.00	253.19
Telephone	3,639.47	3,400.00	239.47
Trash Service	651.25	450.00	201.25
Bank Fees	314.96	300.00	14.96
Office Supplies	64.49	500.00	(435.51)

See the auditor's report on required supplementary information.

Williamsport Township, Shawnee County Kansas Schedule 2 -1

General

**Schedule of Regulatory Basis Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2018**

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Miscellaneous	3,625.65	600.00	3,025.65
Asphalt	173,243.41	220,000.00	(46,756.59)
Cold Mix	852.82	3,000.00	(2,147.18)
Rock	43,767.80	48,000.00	(4,232.20)
Salt	5,087.30	3,300.00	1,787.30
Freight	31,495.47	38,000.00	(6,504.53)
Signs	5,463.26	1,200.00	4,263.26
Other Road Materials	127.96	3,000.00	(2,872.04)
Landscaping	1,000.00	-	1,000.00
Equipment - 2016 JOHN DEERE 6110M	27,000.00	27,000.00	-
Fuel	14,510.92	15,000.00	(489.08)
Tires	2,092.35	3,000.00	(907.65)
Parts	3,101.84	6,000.00	(2,898.16)
Equipment Rent	-	2,000.00	(2,000.00)
Equipment Repairs	4,012.12	10,000.00	(5,987.88)
Shop & Equipment Supplies	2,515.70	2,500.00	15.70
Tools	584.99	1,000.00	(415.01)
SHFD Fire Protection	357,544.61	336,115.00	21,429.61
SNCO #2 Fire Protection	10,000.00	10,000.00	-
Transfer to Special Machinery	46,000.00	46,000.00	-
Nondesignated/Cash Forward	<u>-</u>	<u>65,556.00</u>	<u>(65,556.00)</u>
Total Expenditures	<u>893,213.95</u>	<u>1,010,581.00</u>	<u>(117,367.05)</u>
Receipts Over (Under) Expenditures	45,581.68	<u>\$ (101,131.00)</u>	<u>\$ 146,712.68</u>
Unencumbered Cash, Beginning	62,055.14		
Prior Year Canceled Incumbrance	<u>1,101.41</u>		
Unencumbered Cash, Ending	<u>\$ 108,738.23</u>		

See the auditor's report on required supplementary information.

Special Machinery
Schedule of Regulatory Basis Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2018

Fund not required by statute to be budgeted			
	Actual	Not Budgeted	Variance Over (Under)
Receipts			
Transfer In from General Fund	\$ 46,000.00	\$ 46,000.00	\$ -
Total Receipts	<u>46,000.00</u>	<u>46,000.00</u>	<u>-</u>
Expenditures			
Grader Lease	12,982.69	-	12,982.69
Equipment - 2016 JOHN DEERE 6110M	<u>10,319.33</u>	<u>-</u>	<u>10,319.33</u>
Total Expenditures	<u>23,302.02</u>	<u>-</u>	<u>23,302.02</u>
Receipts Over (Under) Expenditures	<u>22,697.98</u>	<u>\$ 46,000.00</u>	<u>\$ (23,302.02)</u>
Unencumbered Cash, Beginning	<u>206,102.21</u>		
Unencumbered Cash, Ending	<u>\$ 228,800.19</u>		