SOUTHWIND EXTENSION DISTRICT #10
Iola, Kansas

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2025

SOUTHWIND EXTENSION DISTRICT #10
Iola, Kansas
December 31, 2025

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southwind Extension District #10
Iola, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Southwind Extension District #10, as of and for the year ended December 31, 2025, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Southwind Extension District #10 as of December 31, 2025, 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 accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Southwind Extension District #10 as of December 31, 2025, 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.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District #10, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the Southwind Extension District #10 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and the schedules of receipts and expenditures – actual and budget – regulatory basis for each individual fund (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*. The Reconciliation of Cash Disbursements with Expenditures and the Schedule of Receipts, Disbursements, and Cash Balances (Schedules 3-4 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. 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 accompanying supplementary 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.

Other 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 analysis of changes in general capital assets and the schedule of insurance policies and fidelity bonds (Schedules 5 and 6 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. The analysis of changes in general capital assets and the schedule of insurance policies and fidelity bonds have not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Southwind Extension District #10 as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated May 16, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 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 https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2025 (Schedule 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. Such 2024 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 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 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 2024 basic financial statement or to the 2024 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 2024 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, 2024, on the basis of accounting described in Note 1.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

April 11, 2026
Chanute, Kansas

SOUTHWIND EXTENSION DISTRICT #10

Iola, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash

Regulatory Basis

For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash December 31, 2025
General Fund	$ 429,425.41	$ 1,177,670.07	$ 1,144,933.66	$ 462,161.82	$ 6,948.84	$ 469,110.66
Total Reporting Entity	$ 429,425.41	$ 1,177,670.07	$ 1,144,933.66	$ 462,161.82	$ 6,948.84	$ 469,110.66

Composition of Cash:	
Community National Bank	
Checking Account	$ 316,611.31
Landmark National Bank	
Certificates of Deposit	152,499.35
Total Cash	$ 469,110.66

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

SOUTHWIND EXTENSION DISTRICT #10
Iola, Kansas

Notes to the Financial Statement
December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity
Southwind Extension District #10 (the "District") is a municipal corporation governed by an elected four-member executive board. This financial statement presents the Southwind Extension District #10, (the primary government), and does not include any related municipal entities.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the District 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 District. Related municipal entities are not required to be included in the District'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 a potential related entity:

> Southwind Extension Foundation - The economic resources received or held by the related municipal entity are held almost entirely for the direct benefit of the District. The Southwind Extension Foundation was formed to promote and foster the educational purposes of the District, and to create a fund to be used for any program, project or enterprise undertaken in the interest of the District. The Foundation acts largely as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the District. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation board of directors. The Foundation can sue and be sued, and can buy, sell, or lease real property. Separate internal financial statements are available from the Foundation.

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the Southwind Extension District #10 for the year of 2025:

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

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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Reimbursed Expenses
The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

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 in nature 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, of each year.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
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, of each year.

If the District is holding a revenue neutral rate hearing, the public hearing shall be no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The District did hold a revenue neutral rate hearing for this year.

The statutes allow for 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. 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, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)
A legal operating budget is not required for capital projects funds or trust funds.

Spending in funds which are not subject to the legal annual operating budget requirements 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, the District was in compliance with the cash basis laws of Kansas. As shown in Schedule 1, the District was in compliance with the budget laws of Kansas.

3. 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 branch or branch bank in the county in which the District 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 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 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. All deposits were legally secured at December 31, 2025.

At year-end, the carrying amount of the District's deposits was $469,110.66 and the bank balance was $553,300.87. The bank balance was held by two banks resulting in a concentration of credit risk. At December 31, 2025, $402,499.35 was covered by FDIC insurance and the remaining $150,801.52 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

4. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The District 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.kspers.gov 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 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from Southwind Extension District #10 were $30,599.27 for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, The District's proportionate share of the collective net pension liability reported by KPERS was $227,362.00. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. 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 these financial statements.

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.kspers.gov or can be obtained as described above.

5. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended December 31, 2025, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Finance Lease									
1006 N. State St. Building	0.000%	December 31, 2020	$ 100,000.00	December 21, 2025	$ 20,000.00	$ -	$ 20,000.00	$ -	$ -
Total Contractual Indebtedness					$ 20,000.00	$ -	$ 20,000.00	$ -	$ -

6. 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, 2025.

Compensated Absences
The District's policies regarding vacation and sick leave permit agents to earn twenty-two days of vacation per year, with a maximum accumulation of thirty-eight days, and to earn twelve days of sick leave per year, with a maximum accumulation of 150 days.

Other full time employees earn vacation at the rate of 5 days after one year employment; 10 days after two years employment; and 15 days after ten years of employment. Sick leave is earned up to twelve sick days per year for those who work at least twelve days per month. No vacation may be carried over to the next year.

Upon resignation, employees may be paid for accumulated vacation leave. Upon resignation, accumulated sick leave is cancelled. Upon retirement, all employees may be paid for accumulated vacation and up to 480 hours of accumulated sick leave, based upon years of service and their accumulated hours. Policies prohibit payment for vacation time in lieu of time off.

The District estimates a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to employees rights to receive compensation for future absences is attributable to employees' 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 and, is material.

In accordance with the above criteria, the District has estimated a liability for vacation benefits as of December 31, 2025 as $0.00, and has not estimated a liability for sick pay which has been earned, but not taken by District employees, in as much as the amount cannot be reasonably estimated.

7. RISK MANAGEMENT

The District 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 District manages these risks of loss through the purchase of various insurance policies.

8. SUBSEQUENT EVENTS

The District evaluated events and transactions occurring subsequent to year end and there were no subsequent events requiring recognition in the financial statements. Additionally, there were no non-recognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Schedule 1

SOUTHWIND EXTENSION DISTRICT #10
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General	$ 1,442,871.00	$ 1,144,933.66	$ (297,937.34)

SOUTHWIND EXTENSION DISTRICT #10
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Tax	$ 735,484.08	$ 800,666.09	$ 825,548.00	$ (24,881.91)
Delinquent Tax	17,748.49	15,626.74	-	15,626.74
Motor Vehicle Tax	72,220.22	76,907.85	72,312.00	4,595.85
Recreational Vehicle Tax	1,141.37	1,244.58	1,167.00	77.58
16M-20M Truck Tax	3,420.80	3,364.61	3,296.00	68.61
Payments in Lieu of Taxes	287.28	366.40	-	366.40
Commercial Truck Tax	3,612.93	3,585.90	3,774.00	(188.10)
Watercraft Tax	-	-	463.00	(463.00)
Vehicle Rental Excise Tax	11.87	14.65	-	14.65
Intergovernmental				
Federal Land Management	155.47	161.30	-	161.30
Use of Money and Property				
Interest on Investments	7,575.30	26,415.71	-	26,415.71
Other Receipts				
Educational Services (Reimbursable)	65,835.83	104,356.24	125,000.00	(20,643.76)
KSU-Reimbursed Expense	127,820.00	144,960.00	158,080.00	(13,120.00)
Total Receipts	1,035,313.64	1,177,670.07	$ 1,189,640.00	$ (11,969.93)
Expenditures				
Personnel				
Salaries and Wages	684,862.07	753,081.17	$ 795,000.00	$ (41,918.83)
FICA, Retirement, and Health Insurance	134,930.29	145,967.20	140,000.00	5,967.20
Contractual				
Printing, Audit, and Treasurer's Bond	24,259.56	13,758.20	40,000.00	(26,241.80)
Property Insurance	19,385.00	23,286.00	-	23,286.00
Telephone and Utilities	15,256.35	18,414.18	15,000.00	3,414.18
Miscellaneous	(236.15)	-	-	-
Travel	28,497.50	27,367.02	58,000.00	(30,632.98)
Subsistence	2,247.28	2,669.70	10,000.00	(7,330.30)
Educational Program Support	54,619.69	36,005.63	70,000.00	(33,994.37)
Educational Services (Reimbursable)	51,769.47	83,021.41	125,000.00	(41,978.59)
Commodities				
Supplies, Stationery, and Postage	11,777.40	12,998.76	25,000.00	(12,001.24)
Equipment	-	5,576.89	10,000.00	(4,423.11)
Capital Outlay	47,924.16	2,787.50	85,000.00	(82,212.50)
Debt Service	20,000.00	20,000.00	-	20,000.00
Obligated Nonappropriated Funds	-	-	69,871.00	(69,871.00)
Total Expenditures	1,095,292.62	1,144,933.66	$ 1,442,871.00	$ (297,937.34)
Receipts Over (Under) Expenditures	(59,978.98)	32,736.41		
Beginning Unencumbered Cash	489,404.39	429,425.41		
Ending Unencumbered Cash	$ 429,425.41	$ 462,161.82		

Schedule 3

SOUTHWIND EXTENSION DISTRICT #10

Reconciliation of Cash Disbursements with Expenditures
For the Year Ended December 31, 2025

		General Fund
Checks Issued By:		
Extension District	$	1,002,770.91
Kansas State University		144,960.00
Cash Disbursements		1,147,730.91
Plus: Accounts Payable, December 31, 2025		6,948.84
Less: Accounts Payable, December 31, 2024		(9,746.09)
Expenditures	$	1,144,933.66

Schedule 4

SOUTHWIND EXTENSION DISTRICT #10

Schedule of Receipts, Disbursements, and Cash Balances
For the Year Ended December 31, 2025

Receipts		
Taxes and Shared Receipts		
Ad Valorem Tax	$	800,666.09
Delinquent Tax		15,626.74
Motor Vehicle Tax		76,907.85
Recreational Vehicle Tax		1,244.58
16M-20M Truck Tax		3,364.61
Payments in Lieu of Taxes		366.40
Commercial Truck Tax		3,585.90
Vehicle Rental Excise Tax		14.65
Intergovernmental		
Federal Land Management		161.30
Use of Money and Property		
Interest on Investments		26,415.71
Other Receipts		
Educational Services (Reimbursable)		104,356.24
Kansas State University-Reimbursed Expense		144,960.00
Total Receipts		1,177,670.07
Disbursements		
Personnel		
Salaries and Wages		753,081.17
FICA, Retirement, and Health Insurance		148,641.89
Contractual		
Printing, Audit, and Treasurer's Bond		13,758.20
Property Insurance		23,286.00
Telephone and Utilities		18,414.18
Travel		27,367.02
Subsistence		2,669.70
Educational Program Support		36,022.13
Educational Services (Reimbursable)		83,127.47
Commodities		
Supplies, Stationery, and Postage		12,998.76
Equipment		5,576.89
Capital Outlay		2,787.50
Debt Service		20,000.00
Total Disbursements		1,147,730.91
Receipts Over (Under) Disbursements		29,939.16
Cash Balance, December 31, 2024		439,171.50
Cash Balance, December 31, 2025	$	469,110.66

Schedule 5

SOUTHWIND EXTENSION DISTRICT #10

Analysis of Changes in General Capital Assets
For the Year Ended December 31, 2025

Beginning General Capital Assets	$	352,959.47
Additions:		
Equipment Purchased		9,275.89
Deletions:		
Equipment Discarded, Sold or Traded		(7,725.49)
Ending General Capital Assets	$	354,509.87

SOUTHWIND EXTENSION DISTRICT #10

Schedule of Insurance Policies and Fidelity Bond
December 31, 2025

	Policy Number	Date Expires	Amount
Continental Western Group			
Property	PEP 2864626 - 38	7/1/2026	
General Aggregate Limit			$ 117,900.00
Each Occurance Limit (500 Deductible)			
90% Replacement Cost			
Continental Western Group			
General Liability Coverage	PEP 2864626 - 38	7/1/2026	
General Aggregate Limit			2,000,000.00
Products Completed Operations Aggregate Limit			2,000,000.00
Personal and Advertising Injury Limit			1,000,000.00
Each Occurence Limit			1,000,000.00
Damage Limit to Rented Premises (Per Premises)			100,000.00
Medical Expense Limit (Per Person)			5,000.00
Continental Western Group			
Commercial Auto Coverage	PEP 2864626 - 38	7/1/2026	
Liability			1,000,000.00
Auto Medical Payments			2,000.00
Uninsured Motorists			1,000,000.00
Physical Damage other than Collision			A.C.V.
Physical Damage - Specified Causes of Loss Coverage			A.C.V.
Physical Damage - Collision Coverage			A.C.V.
Physical Damage - Towing and Labor			A.C.V.
Continental Western Group			
Commercial Inland Marine	PEP 2864626 - 38	7/1/2026	
Catastrophe Limit			5,000.00
Additional Debris Removal Expenses			5,000.00
Pollutant Cleanup and Removal			10,000.00
80% Replacement Cost			
Continental Western Group			
Public Officials Liability Coverage	PEP 2864626 - 38	7/1/2026	
Aggregate Limit			1,000,000.00
Liability Limit Per Claim			1,000,000.00
Continental Western Group			
Worker's Compensation	WCP 100042112	7/1/2026	
Bodily Injury by Accident (Each Accident)			100,000.00
Bodily Injury by Disease (Policy Limit)			500,000.00
Bodily Injury by Disease (Each Employee)			100,000.00
Western Surety Company			
Fidelity Bond	62456048	Continuous	750,000.00

Jarred Gilmore Phillips

Board of Directors
Southwind Extension District #10
Iola, Kansas

In planning and performing our audit of the financial statement of Southwind Extension District #10 as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Southwind Extension District #10's system of 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 Southwind Extension District #10's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwind Extension District #10's 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 significant deficiencies.

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 misstatement 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 misstatements of the District's financial statement will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Preparation of Financial Statement

Professional standards require management to accept responsibility for the preparation and fair presentation of the financial statement, including related note disclosures. The District engages the auditor to assist in drafting the financial statement in accordance with the Kansas Municipal Audit and Accounting Guide. The District does not have personnel with specialized training in governmental financial reporting necessary to independently prepare the complete financial statement and related disclosures. Accordingly, management relies on the auditor for preparation of the financial statement. While this condition is common among smaller governmental entities and does not reflect on management's integrity or oversight, it represents a deficiency in internal control over financial reporting because the preparation of the financial statement is not performed by individuals independent of the audit process.

Management has reviewed and approved the financial statement and has accepted responsibility for them. We encourage management and the Board to continue their oversight of the financial reporting process and to remain informed of reporting requirements.

Segregation of Duties

Due to the limited number of personnel, complete segregation of duties is not achievable. As a result, certain internal control functions are necessarily performed by the same individual. Under auditing standards generally accepted in the United States, this condition represents a significant deficiency in internal control, as it increases the risk that errors or irregularities could occur and not be detected on a timely basis.

This comment is provided as a reminder to the Board of Directors of its fiduciary oversight responsibilities, rather than as a recommendation for corrective action. Management and the Board are aware of this limitation and have determined that the costs associated with additional staffing or restructuring would outweigh the related benefits at this time.

Accordingly, the Board should continue to exercise diligent financial oversight, including active involvement in the review of financial information and monitoring of fiscal activities, to mitigate the risks inherent in this condition.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Southwind Extension District #10, and is not intended to be and should not be used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
April 11, 2026