

LECOMPTON TOWNSHIP

Lecompton, Kansas

REGULATORY BASIS FINANCIAL STATEMENTS

For the year ended December 31, 2020

And

INDEPENDENT AUDITOR'S REPORT

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Karlin & Long, LLC
Certified Public Accountants

**LECOMPTON TOWNSHIP
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Karlin & Long, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lecompton Township
Lecompton, Kansas 66050

We have audited the accompanying fund Summary of Regulatory Basis Receipts, Expenditures, and Unencumbered Cash of the Lecompton Township, Lecompton Kansas ("Township") as of and for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements 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 statements are 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

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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 statements.

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Township on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township 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 the Township 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 opinion on the fund Summary Statement of Regulatory Basis Receipts, Expenditures, and Unencumbered Cash (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 through 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.

Karlin & Long, LLC

Karlin & Long, LLC
Certified Public Accountants
Lawrence, KS

February 24, 2021

LECOMPTON TOWNSHIP
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General	\$ 133,688	\$ 0	\$ 32,814	\$ 86,157	\$ 80,345	\$ -	\$ 80,345
Special Revenue							
Road Fund	28,333	0	393,952	415,903	6,382	5,076	11,458
Total Reporting Entity	\$ 162,021	\$ 0	\$ 426,766	\$ 502,060	\$ 86,727	\$ 5,076	\$ 91,803

Composition of Cash

Checking Accounts	\$ 62,211
Savings Accounts	29,592
Petty Cash	
Certificates of Deposit	
Total Reporting Entity	\$ 91,803

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

LECOMPTON TOWNSHIP

Lecompton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

The Lecompton Township (the Township) is a municipality that provides services to the residents of the township. The Lecompton Township is a municipal corporation governed by an elected council. The regulatory statements present the financial condition of the Lecompton Township (the municipality). There are no organizations which meet the criteria for being combined in the Township's report.

The following types of funds comprise the financial activities of the Township for the year of 2020:

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 Funds - Used to account for the proceeds of specific tax levies and other specific revenue sources (other than major capital projects and tax levies for long-term debt) that are intended for specified purposes.

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 revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

LECOMPTON TOWNSHIP
Lecompton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenues and principal and interest payable, and reservations of fund balance are not presented.

Under the regulatory basis of accounting, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the General Fund and Special Purpose Funds (unless specifically exempted by statute). 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 revenues 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 the 2019 year.

LECOMPTON TOWNSHIP
Lecompton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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 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 revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds, trust funds and the following special revenue funds:

1) None.

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

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

Use of Estimates

The preparation of modified cash basis financial statements (see the supplemental information on schedules 1 through 2) requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Income Taxes

The Township's payroll tax returns for the years ending 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

LECOMPTON TOWNSHIP

Lecompton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Stewardship, Compliance and Accountability

We noted no violations of Kansas Statutes for the period under audit.

NOTE 3 – Deposits and Investments

Deposits

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 investments 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.

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 K.S.A. 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.

At December 31, 2020, the Township's carrying amount of deposits, including certificates of deposit, was \$91,803 and the bank balance was \$92,889 of which up to \$250,000 is covered by FDIC insurance.

LECOMPTON TOWNSHIP

Lecompton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Deposits and Investments(continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Township 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 4 – Claims and Judgments

The Township is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Township has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2019 to 2020 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the Township is a party to various claims, legal actions and complaints. It is the opinion of the Township's management and legal counsel that these matters are not anticipated to have a material financial impact on the Township.

NOTE 5 – Concentration of Credit Risk

The Township currently has all of its demand deposits and reserves with one financial institution in a Perry, Kansas bank. This is a concentration of credit risk related to deposits.

NOTE 6 – Other Long Term Obligations from Operations

Other Post Employment Benefits

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

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

LECOMPTON TOWNSHIP

Lecompton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – Other Long Term Obligations from Operations (continued)

Compensated Absences

The Township pays for Vacation leave to only full-time employees. Vacation leave is accrued as follows: one to three years of service – five days per year, four to nine years of service – 10 days per year, and ten years of service and more – 15 days per year. No unused vacation leave can be carried over to the following year. As of December 31 of each year, any earned but unused vacation is eliminated. No payment is made of unused vacation leave upon termination.

Sick leave is only granted to full-time employees. After six months of service, the employee is allowed five days of paid sick leave. No unused sick leave can be carried over to the following year. As of December 31 of each year, any earned but unused sick leave is eliminated. No payment is made of unused sick leave upon termination.

NOTE 7 – Subsequent Events

Subsequent events for management's review have been evaluated through February 24, 2021. The date in the prior sentence is the date the financial statements were available to be issued.

Lecompton Township
Regulatory-Required
Supplementary Information
For the year ended December 31, 2020

LECOMPTON TOWNSHIP
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2020

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
Governmental Type Funds						
General	\$ 98,000	\$ 0	\$ 0	\$ 98,000	\$ 86,157	\$ (11,843)
Special Purpose Funds						
Road	569,746	0	0	569,746	415,903	(153,843)

LECOMPTON TOWNSHIP
Schedule of Receipts and Expenditures - Actual and Budget
GENERAL FUND
Regulatory Basis
For the Year Ended December 31, 2020

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad Valorem property tax	\$ 28,684	\$ 29,105	\$ (421)
Delinquent tax	342	0	342
Motor Vehicle tax	3,052	2,398	654
Recreational Vehicle tax	63	58	5
16/20 M Vehicle tax	72	49	23
Commercial vehicle	94	55	39
Watercraft Tax	56	43	13
Interest income	451	250	201
Miscellaneous revenues	0	0	0
Refunds/reimbursements	0	0	0
Operating transfers	0	0	0
Total Cash Receipts	<u>32,814</u>	<u>31,958</u>	<u>856</u>
EXPENDITURES			
Officer pay	8,220	8,500	(280)
Salaries & wages	0	0	0
Employee benefits	0	0	0
Supplies and repairs	2,896	5,000	(2,104)
Equipment	0	0	0
Building maintenance	0	25,000	(25,000)
Insurance	239	5,000	(4,761)
Legal and accounting	2,300	2,000	300
Utilities	2,502	2,500	2
Operating transfers	70,000	50,000	(20,000)
Adjustment for qualifying budget credits	0	0	0
Total Expenditures	<u>86,157</u>	<u>\$ 98,000</u>	<u>\$ (51,843)</u>
Receipts Over (Under) Expenditures	(53,343)		
Unencumbered Cash, Beginning	133,688		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	<u>\$ 80,345</u>		

LECOMPTON TOWNSHIP
Schedule of Cash Receipts and Expenditures - Actual and Budget
ROAD FUND
Regulatory Basis
For the Year Ended December 31, 2020

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad Valorem property tax	\$ 267,626	\$ 270,914	\$ (3,288)
Delinquent tax	2,454	250	2,204
Motor Vehicle tax	26,474	27,207	(733)
Recreational Vehicle tax	604	661	(57)
16/20 M Vehicle tax	838	561	277
Commercial vehicle	1,032	850	182
Watercraft tax	553	486	67
Special Highway/Gasoline tax	24,371	25,217	(846)
Interest income	0	0	0
Miscellaneous revenues	0	0	0
Refunds/reimbursements	0	0	0
Operating transfers	70,000	0	70,000
Total Cash Receipts	393,952	326,146	67,806
EXPENDITURES			
Officer pay	0	0	0
Salaries and payroll taxes	118,851	68,000	50,851
Employee benefits	3,275	0	3,275
Road maintenance	14,264	13,000	1,264
Road materials	142,645	270,493	(127,848)
Equipment	99,653	174,453	(74,800)
Supplies	5,419	19,500	(14,081)
Insurance	16,289	13,000	3,289
Fuel	15,507	11,300	4,207
Operating transfers	0	0	0
Adjustment for qualifying budget credits	0	0	0
Total Expenditures	415,903	\$ 569,746	\$ (153,843)
Receipts Over (Under) Expenditures	(21,951)		
Unencumbered Cash, Beginning	28,333		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 6,382		

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Karlin & Long, LLC
Certified Public Accountants

February 24, 2021

To the Board of Directors
Lecompton Township

We have audited the Summary Statement of Regulatory Basis Receipts, Expenditures, and Unencumbered Cash of Lecompton Township as of and for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lecompton Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 24, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Lecompton Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Cordially,



Karlin & Long, LLC

Certified Public Accountants

February 24, 2021

Karlin & Long, LLC

901 Kentucky Street, Suite 104

Lawrence, Kansas 66044

This representation letter is provided in connection with your audits of the financial statements of Lecompton Township, which comprise the respective Summary Statement of Receipts, Expenditures and Unencumbered Cash as of December 31, 2020 and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statement is presented fairly, in all material respects, in accordance with financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*. Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 24, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 1, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the *Kansas Municipal Audit and Accounting Guide* and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates (for the supplementary information) are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of the *Kansas Municipal Audit and Accounting Guide*.
- 7) All events subsequent to the date of the financial statements and for which the *Kansas Municipal Audit and Accounting Guide* requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the fund Summary date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the *Kansas Municipal Audit and Accounting Guide*.
- 9) Guarantees, whether written or oral, under which the Township is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) We have made available to you all financial records and related data.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Township has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 24) As part of your audit, you assisted with preparation of the financial statement and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statement and related notes.
- 25) The Township has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The Township has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements properly classify all funds and activities.
- 29) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 30) Provisions for uncollectible receivables have been properly identified and recorded.
- 31) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

32) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

a) We acknowledge our responsibility for presenting the Schedules of Insurance in Force in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of Insurance in Force, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedules of Insurance in Force have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the Schedule of Insurance in Force is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon

Signature: _____ Signature: _____

Title: _____ Title: _____