DOUGLASS TOWNSHIP

FINANCIAL STATEMENT
DECEMBER 31, 2022

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DOUGLASS TOWNSHIP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Douglass Township

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Douglass Township, Kansas**, as of and for the year ended **December 31, 2022**, and the related notes to the financial statement.

Adverse and Unmodified Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America
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 **Douglass Township, Kansas**, 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 **Douglass Township, Kansas**, as of **December 31, 2022**, 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 and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of the **Douglass Township, Kansas**, 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.

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Board of Trustees
Douglass Township

Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America
As discussed in Note 1 of the financial statement, the financial statement is prepared by the **Douglass Township, Kansas**, 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 **Douglass Township, Kansas'** 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.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 **Douglass Township, Kansas'** 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 **Douglass Township, Kansas'** 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, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and individual fund schedules of regulatory basis receipts and expenditures-actual (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United State of America, the basic financial statement of the **Douglass Township, Kansas**, as of and for the year ended December 31, 2021, and have issued our report thereon dated January 6, 2023, which contained an unmodified opinion on the basic financial statement.

Board of Trustees
Douglass Township

The 2021 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/oar/municipal-services. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2021 (as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, on the basis of accounting described in Note 1.

BFR CPA, LLC

BFR CPA, LLC
December 20, 2023

DOUGLASS TOWNSHIP
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 80,406	$ 0	$ 194,061	$ 157,820	$ 116,647	$ 0	$ 116,647
Special Purpose Funds							
Road	13,087	0	153,376	90,178	76,285	0	76,285
Library	0	0	9,040	9,040	0	0	0
FEMA	195,476	0	0	12,086	183,390	0	183,390
	$ 288,969	$ 0	$ 356,477	$ 269,124	$ 376,322	$ 0	$ 376,322

Composition of Cash:	Checking	$ 376,322

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

DOUGLASS TOWNSHIP
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Douglass Township is a municipal corporation governed by an elected three-member Board of Trustees. The regulatory financial statement presents all funds over which the Board of Trustees exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

Basis of Presentation – Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

KMAAG Regulatory Basis of Presentation Fund Definitions:

Governmental Funds

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

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

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond & 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 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.

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 budget amendments for the year ended December 31, 2022.

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 the 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 projects funds, trust funds, and the following special purpose funds:

FEMA Fund

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.

Note 2 - Postemployment Benefits:

The Township did not provide any significant postemployment benefits for former employees at December 31, 2022.

Note 3 - 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 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.

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 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, 2022.

At December 31, 2022, the Township's carrying amount of deposits was $376,322 and the bank balance was $406,440. The bank balance is held in one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance, and $156,440 was collateralized with securities held by the pledging financial institution's agents in the Township's name.

Note 4 - Contingencies:

Grant Programs
The Township participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management
The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 5 - Reimbursed Expenditures:

The Township 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.

Note 6 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the Township to record vacation and sick leave benefits as expenditures when paid.

Note 7 - Subsequent Events:

The Township has evaluated subsequent events through December 20, 2023, the date which the financial statement was available to be issued.

REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

DOUGLASS TOWNSHIP
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	$ 202,834	$ 0	$ 202,834	$ 157,820	$ (45,014)
Special Purpose Funds					
Road	150,055	0	150,055	90,178	(59,877)
Library	10,004	0	10,004	9,040	(964)
FEMA	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	12,086	XXXXXXXXXX
	$ 362,893	$ 0	$ 362,893	$ 257,038	$ (105,855)

DOUGLASS TOWNSHIP
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Favorable Over (Under)
Cash Receipts				
Ad Valorem Tax	$ 114,384	$ 162,378	$ 168,937	$ (6,559)
Delinquent Tax	3,363	3,058	0	3,058
Motor Vehicle Tax	17,981	13,127	12,106	1,021
Recreational Vehicle Tax	0	0	290	(290)
16/20M Vehicle	282	324	259	65
Other Income	43,429	13,587	0	13,587
Interest Earned	73	1,587	0	1,587
	179,512	194,061	$ 181,592	$ 12,469
Expenditures				
Building	16,635	16,769	$ 6,000	$ 10,769
Officers Pay	0	0	19,500	(19,500)
Contract Labor, Road Materials, Fuel	60,455	35,221	108,078	(72,857)
Salaries & Wages	24,705	25,772	3,000	22,772
Supplies	3,975	4,693	33,756	(29,063)
Utilities & Rent	7,919	9,636	2,200	7,436
Insurance	0	0	25,000	(25,000)
Professional Fees	0	0	5,300	(5,300)
Other	71,771	65,729	0	65,729
	185,460	157,820	$ 202,834	$ (45,014)
Receipts Over (Under) Expenditures	(5,948)	36,241		
Unencumbered Cash, Beginning	86,354	80,406		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 80,406	$ 116,647		

DOUGLASS TOWNSHIP
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

Road Fund	Current Year			
	Prior Year Actual	Actual	Budget	Variance - Favorable Over (Under)
Cash Receipts				
Ad Valorem Tax	$ 128,820	$ 131,171	$ 132,356	$ (1,185)
Delinquent Tax	1,543	2,589	0	2,589
Motor Vehicle Tax	9,768	11,855	11,757	98
16/20M Vehicle	457	330	585	(255)
County Highway Tax	5,613	5,231	4,626	605
Other Income	0	2,200	730	1,470
	146,201	153,376	$ 150,054	$ 3,322
Expenditures				
Salaries & Wages	23,107	18,537	$ 72,598	$ (54,061)
Repairs/Maintenance	5,237	5,152	18,000	(12,848)
Maintenance Facility	0	0	8,867	(8,867)
Road Materials	94,265	56,849	25,228	31,621
Fuel	10,505	9,640	25,362	(15,722)
	133,114	90,178	$ 150,055	$ (59,877)
Receipts Over (Under) Expenditures	13,087	63,198		
Unencumbered Cash, Beginning	0	13,087		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 13,087	$ 76,285		

DOUGLASS TOWNSHIP
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

Library Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Favorable Over (Under)
Cash Receipts				
Ad Valorem Tax	$ 8,336	$ 8,084	$ 8,151	$ (67)
Delinquent Tax	104	170	0	170
Motor Vehicle Tax	597	766	1,741	(975)
16/20M Vehicle	39	20	38	(18)
Other	0	0	74	(74)
	9,076	9,040	$ 10,004	$ (964)
Expenditures				
Douglass Public Library	9,076	9,040	$ 10,004	$ (964)
	9,076	9,040	$ 10,004	$ (964)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 0		

DOUGLASS TOWNSHIP
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

FEMA Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other	$ 229,600	$ 0
	229,600	0
Expenditures		
Other	34,124	12,086
	34,124	12,086
Receipts Over (Under) Expenditures	195,476	(12,086)
Unencumbered Cash, Beginning	0	195,476
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 195,476	$ 183,390