SUNFLOWER EXTENSION DISTRICT NO. 6
Goodland, Kansas

FINANCIAL STATEMENT

For the Year Ended December 31, 2022

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Larned, Kansas 67550

SUNFLOWER EXTENSION DISTRICT NO. 6, GOODLAND, KANSAS

Financial Statement
Regulatory Basis
For the Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunflower Extension District No. 6

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Sunflower Extension District No. 6, Goodland, Kansas as of and for the year ended December 31, 2022 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 Sunflower Extension District No. 6 as of December 31, 2022, 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 Sunflower Extension District No. 6 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 (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 Sunflower Extension District No. 6 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 Sunflower Extension District No. 6 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 Sunflower Extension District No. 6'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 opinion. 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 Sunflower Extension District No. 6'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 Sunflower Extension District No. 6'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 expenditures-actual and budget and individual fund schedule of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Sunflower Extension District No. 6, Goodland, Kansas as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated August 12, 2022 which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2021 actual column (2021 comparative information) presented in the individual fund schedule of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 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.

VonFeldt, Bauer & VonFeldt, Chtd.

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Larned, Kansas

August 18, 2023

SUNFLOWER EXTENSION DISTRICT NO. 6, GOODLAND, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
General Funds:		
General Fund	$ 301,694.56	$ 0.00
Total Reporting Entity	$ 301,694.56	$ 0.00
Composition of Cash:		

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

Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
$ 529,942.32	$ 497,191.09	$ 334,445.79	$ 0.00	$ 334,445.79
$ 529,942.32	$ 497,191.09	$ 334,445.79	$ 0.00	$ 334,445.79

Checking Account	$ 270,912.62
Savings Account	13,513.78
Certificates of Deposit	50,019.39
Total Reporting Entity	$ 334,445.79

SUNFLOWER EXTENSION DISTRICT NO. 6
NOTES TO THE FINANCIAL STATEMENT
December 31, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Sunflower Extension District No. 6, Goodland, Kansas (Extension District) is a municipal corporation governed by an elected twelve member board. This financial statement presents Sunflower Extension District No. 6 (the municipality). Sunflower Extension District No. 6 has no related municipal entities.

B. REGULATORY BASIS FUND TYPES

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

C. 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 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 Extension 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 municipality to use the regulatory basis of accounting.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of an interest bearing checking account, savings account and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

E. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivision in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the Extension District by January 20. The second half is due May 10 and distributed to the Extension District by June 5. The Extension District Treasurer draws available funds from the County Treasurer at designated times throughout the year.

F. REIMBURSED EXPENSES

The Extension 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 KMAAG regulatory basis of accounting.

G. USE OF ESTIMATES

The preparation of the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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.

If the Extension District is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The Extension 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.

Adjustment for Qualifying Budget Credits: Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

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

A legal operating budget is not required for capital project funds and trust funds.

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 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

Note 4 - DEPOSITS

K.S.A. 9-1401 establishes the depositories which may be used by the Extension District. The statute requires banks eligible to hold the Extension District's funds have a main or branch bank in the county in which the Extension District 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 bank to pledge securities for deposits in excess of FDIC Coverage. The Extension District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Extension District'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 Extension 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 Extension 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 Extension District's deposits may not be returned to it. State statutes require the Extension District's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, 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% There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2022.

At December 31, 2022 the Extension District's carrying amount of deposits was $334,445.79 and the bank balance was $357,851.19. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000.00 was covered by federal depository insurance, and $107,851.19 was collateralized with securities held by the pledging financial institution's agents in the Extension District's name.

Note 5 - 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, 2022.

Note 6 - DEFINED BENEFIT PENSION PLAN

Plan description . The Extension 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 Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Note 6 - DEFINED BENEFIT PENSION PLAN (Cont'd.)

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, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the year ended December 31, 2022. Contributions to the pension plan from the Extension District were $9,847.74 for the year ended December 31, 2022.

Net Pension Liability. At December 31, 2022 the Extension District's proportionate share of the collective net pension liability reported by KPERS was $105,446. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The Extension District's proportion of the net pension liability was based on the ratio of the Extension 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 this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Note 7 - CONTINGENCIES

During the ordinary course of its operations the Extension District is a party to potential claims, legal actions and complaints. It is the opinion of the Extension District's management that these matters are not anticipated to have a material effect on the Extension District's financial statement.

Note 8 - RISK MANAGEMENT

The Extension District is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Extension District obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The Extension District does not participate in a public entity risk pool.

Note 9 - SUBSEQUENT EVENTS

The Extension District has evaluated events subsequent to year end through August 18, 2023 and does not believe any events have occurred which affect the financial statement as presented.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SUNFLOWER EXTENSION DISTRICT NO. 6, GOODLAND, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustment for Qualifying Budget Credits
General Funds:		
General Fund	$ 732,300.00	$ 0.00

Schedule 1

Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
$ 732,300.00	$ 497,191.09	$ (235,108.91)

SUNFLOWER EXTENSION DISTRICT NO. 6, GOODLAND, KANSAS
GENERAL FUND
Schedule of 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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Property Tax	$ 378,025.94	$ 388,268.35	$ 396,762.00	$ (8,493.65)
Delinquent Tax	1,012.27	2,926.80	0.00	2,926.80
Motor Vehicle Tax	24,732.27	24,575.41	23,397.00	1,178.41
Recreational Vehicle Tax	530.23	573.49	495.00	78.49
16/20M Tax	1,667.59	1,248.95	1,877.00	(628.05)
Commercial Vehicle Tax	1,645.49	2,124.39	1,602.00	522.39
Watercraft Tax	0.00	0.00	0.00	0.00
County Redemption	2,022.65	2,264.61	0.00	2,264.61
Kansas State University	52,661.83	55,380.00	54,054.00	1,326.00
Reimbursed Expense	31,356.67	33,234.06	45,000.00	(11,765.94)
Interest on Idle Funds	189.49	960.04	0.00	960.04
Miscellaneous	122.56	18,386.22	100.00	18,286.22
Total Receipts	493,966.99	529,942.32	$ 523,287.00	$ 6,655.32
Expenditures				
Print/Audit	10,446.85	11,693.82	13,000.00	(1,306.18)
Telephone	11,117.48	10,251.03	12,000.00	(1,748.97)
Rent/Heat/Utilities	1,449.69	2,032.61	5,000.00	(2,967.39)
Supplies/Postage	7,767.79	10,878.79	13,000.00	(2,121.21)
Equipment	19,400.41	14,148.31	10,000.00	4,148.31
Program Support (Misc)	8,036.46	8,328.47	15,000.00	(6,671.53)
Travel	14,145.34	18,855.23	23,000.00	(4,144.77)
Subsistence	1,854.56	2,711.64	6,000.00	(3,288.36)
Salaries	313,105.65	331,158.70	382,000.00	(50,841.30)
Employer Contributions	51,084.32	56,236.36	75,000.00	(18,763.64)
Educational Services	16,100.83	30,896.13	45,000.00	(14,103.87)
Capital Outlay	0.00	0.00	133,300.00	(133,300.00)
Total Expenditures	454,509.38	497,191.09	$ 732,300.00	$ (235,108.91)
Receipts Over (Under) Expenditures	39,457.61	32,751.23		
Unencumbered Cash, Beginning	262,236.95	301,694.56		
Unencumbered Cash, Ending	$ 301,694.56	$ 334,445.79		