

**TWIN CREEKS EXTENSION DISTRICT NO. 9**  
**Oberlin, Kansas**

**FINANCIAL STATEMENT**  
**For the Year Ended December 31, 2020**

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

TWIN CREEKS EXTENSION DISTRICT NO. 9, OBERLIN, KANSAS

Financial Statement  
Regulatory Basis  
For the Year Ended December 31, 2020

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# VONFELDT, BAUER & VONFELDT, CHTD

## Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Twin Creeks Extension District No. 9  
Oberlin, Kansas 67749

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Twin Creeks Extension District No. 9, Oberlin, Kansas, a municipality, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

#### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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 Twin Creeks Extension District No. 9, Oberlin, 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.

*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 Twin Creeks Extension District No. 9, Oberlin, Kansas 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 Twin Creeks Extension District No. 9, Oberlin, Kansas 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 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 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 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.

*VonFeldt, Bauer & VonFeldt, Chtd.*

VONFELDT, BAUER & VONFELDT, CHTD.

Certified Public Accountants

Larned, Kansas

September 17, 2021

TWIN CREEKS EXTENSION DISTRICT NO. 9, OBERLIN, KANSAS  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2020

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>
General Funds:		
General Fund	\$ 270,180.54	\$ 0.00
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 270,180.54</u>	<u>\$ 0.00</u>
Composition of Cash:		

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

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 612,332.65	\$ 551,624.36	\$ 330,888.83	\$ 0.00	\$ 330,888.83
<u>\$ 612,332.65</u>	<u>\$ 551,624.36</u>	<u>\$ 330,888.83</u>	<u>\$ 0.00</u>	<u>\$ 330,888.83</u>
NOW Checking Account				<u>\$ 330,888.83</u>
Total Reporting Entity				<u>\$ 330,888.83</u>

TWIN CREEKS EXTENSION DISTRICT NO. 9  
NOTES TO THE FINANCIAL STATEMENT  
December 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Twin Creeks Extension District No. 9, Oberlin, Kansas (Extension District) is a municipal corporation governed by an elected twelve member board. This financial statement presents Twin Creeks Extension District No. 9 (the municipality). Twin Creeks 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. 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 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 and certified with the District 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 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 established 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, 2020.

At December 31, 2020 the Extension District's carrying amount of deposits was \$330,888.83 and the bank balance was \$381,644.47. 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 \$131,644.47 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

*Compensated Absences.* After six months of continuous employment with the Extension District, each full-time employee shall earn vacation leave at the rate of eight hours per month. All vacation time shall be taken in no less than .25 hour increments, and may not carry forward more than 96 hours vacation leave into the next calendar year. Upon termination, vacation leave is payable up to 96 hours. The potential liability for unused vacation leave as of December 31, 2020 is \$1,625.31.

Sick leave for full-time employees shall be allowed at the rate of eight hours for each month of continuous employment up to 240 hours (30 days). Sick leave shall be paid only for time for personal or family sickness, personal or family accidents, or family funerals. Sickness during scheduled vacation time shall not be considered sick leave. In the event of termination, sick leave is not payable. Therefore, there is no potential liability for unused sick leave.

*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, 2020.

#### 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 Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, 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 8.61% for the year ended December 31, 2020. Contributions to the pension plan from the Extension District were \$7,527.66 for the year ended December 31, 2020.

*Net Pension Liability.* At December 31, 2020 the Extension District's proportionate share of the collective net pension liability reported by KPERS was \$83,077. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. 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](http://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 has been unable to obtain commercial property, liability, and automobile insurance at a cost it considered to be economically justifiable. For this reason, the Extension District joined together with other municipalities in the State to participate in the Kansas County Association Multiline Pool (KCAMP), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

#### Note 8 - RISK MANAGEMENT (Cont'd.)

The Extension District pays an annual premium to KCAMP for its commercial property, liability, and automobile insurance coverage. The agreement to participate provides that KCAMP will be self-sustaining through member premiums and will reinsure through commercial companies for excess claims for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KCAMP's management.

The Extension District continues to carry commercial insurance for all other risks of loss, including workers compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

#### Note 9 - LEASE COMMITMENTS

##### Operating Leases:

The Extension District has entered into operating leases for postages machines which contain cancellation provisions and are subject to annual appropriations. For the year ended December 31, 2020 rent expenditures were \$1,219.44.

The Extension District has entered into an operating lease for office space in Norton, Kansas which contains a cancellation provision and is subject to annual appropriations. For the year ended December 31, 2020 rent expenditures were \$6,600.00.

#### Note 10 - CORONAVIRUS (COVID-19)

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. On March 12, 2020, Kansas Governor Laura Kelly issued Executive Order No. 20-07 which required school buildings or facilities to close and cease in-person instruction. On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by Congress and signed into law by the President to provide economic assistance to individuals, business and municipalities affected by the pandemic. In response to the CARES Act, Kansas Governor Laura Kelly formed the Strengthening People and Revitalizing (SPARK) Taskforce to oversee the statewide distribution of significant CARES Act funding. On June 16, 2020 the State Finance Council approved the SPARK Taskforce's proposal to distribute money to the various counties to help address the health and economic challenges inflicted by COVID-19 based on the county's population and impact from COVID-19. To ensure that all educational and municipal entities within counties receive Coronavirus Relief Funds the SPARK Taskforce directed counties to allocate and share Coronavirus Relief Funds with public educational and municipal entities within their counties to help meet their respective health and economic challenges.

The extent to which COVID-19 may impact the Extension District will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain the coronavirus. The Extension District has not included any contingencies in the financial statement specific to this issue.

#### Note 11 - SUBSEQUENT EVENTS

The Extension District has evaluated events subsequent to year end through September 17, 2021 and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding the novel strain of coronavirus (COVID-19) as discussed in Note 10 above.

**REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION**

TWIN CREEKS EXTENSION DISTRICT NO. 9, OBERLIN, KANSAS  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>
General Funds:		
General Fund	\$ 817,459.00	\$ 0.00

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 817,459.00	\$ 551,624.36	\$ (265,834.64)

## TWIN CREEKS EXTENSION DISTRICT NO. 9, OBERLIN, KANSAS

## GENERAL FUND

## Schedule of Receipts and Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2020

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and Shared Receipts:			
Ad Valorem Property Tax	\$ 422,061.49	\$ 435,700.00	\$ (13,638.51)
Delinquent Tax	3,849.51	0.00	3,849.51
Motor Vehicle Tax	25,751.08	22,213.00	3,538.08
Recreational Vehicle Tax	732.24	553.00	179.24
16/20M Tax	2,924.33	2,943.00	(18.67)
Commercial Vehicle Tax	1,963.26	1,538.00	425.26
Watercraft Tax	153.31	0.00	153.31
Excise Tax	1.70	0.00	1.70
Kansas State University	143,681.99	140,608.00	3,073.99
Reimbursed Expense	7,108.62	40,000.00	(32,891.38)
Interest on Idle Funds	846.55	0.00	846.55
Miscellaneous	3,258.57	1,000.00	2,258.57
Total Receipts	<u>612,332.65</u>	<u>\$ 644,555.00</u>	<u>\$ (32,222.35)</u>
Expenditures			
Print/Audit	4,653.21	18,000.00	(13,346.79)
Telephone	19,106.73	15,500.00	3,606.73
Rent/Heat/Utilities	10,168.56	13,000.00	(2,831.44)
Supplies/Postage	10,946.96	18,500.00	(7,553.04)
Equipment	3,142.43	10,000.00	(6,857.57)
Program Support (Misc)	11,898.30	23,000.00	(11,101.70)
Travel	6,088.94	17,000.00	(10,911.06)
Subsistence	2,189.75	10,000.00	(7,810.25)
Salaries	415,303.22	438,000.00	(22,696.78)
Employer Contributions	56,600.77	79,459.00	(22,858.23)
Educational Services	11,525.49	40,000.00	(28,474.51)
Capital Outlay	0.00	135,000.00	(135,000.00)
Total Expenditures	<u>551,624.36</u>	<u>\$ 817,459.00</u>	<u>\$ (265,834.64)</u>
Receipts Over (Under) Expenditures	60,708.29		
Unencumbered Cash, Beginning	<u>270,180.54</u>		
Unencumbered Cash, Ending	<u>\$ 330,888.83</u>		