ELK TOWNSHIP
Overbrook, Kansas
REGULATORY BASIS FINANCIAL STATEMENTS
For the year ended December 31, 2022
And
INDEPENDENT AUDITORS' REPORT

...KL...

Karlin & Long, LLC
Certified Public Accountants

ELK TOWNSHIP
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...KL...

Karlin & Long, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Elk Township
Overbrook, Kansas

We have audited the accompanying fund Summary Statement of Regulatory Basis Receipts, Expenditures, and Unencumbered Cash Balances of the Elk Township, Overbrook, Kansas ("Township") as of and for the year ended December 31, 2022, and the related notes to the financial statements.

Adverse and Unmodified Opinions

Adverse Opinion on U.S. Generally Accepted Accounting Principals

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

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Matter Giving rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the 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.

Responsibilities of Management 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.

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgement 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 Township'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township'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 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, schedule of regulatory basis receipts and expenditures-nonbudgeted funds (Schedules 1 through 3 as listed in the table of contents) are presented for 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.

Karlin & Long, LLC

Karlin & Long, LLC
Certified Public Accountants
Lawrence, KS

September 25, 2023

ELK TOWNSHIP
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2022

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	$ 0	$ 0	$ 40,305	$ 29,983	$ 10,322	$	$ 10,322
Special Revenue							
Road Fund	0	0	287,971	273,741	14,230		14,230
Non budgeted funds							
Special Machinery Fund	92,374	0	232	42,757	49,849		49,849
Total Reporting Entity	$ 92,374	$ 0	$ 328,508	$ 346,481	$ 74,401	$ 0	$ 74,401

Composition of Cash	
Checking Accounts	$ 65,579
Savings Accounts	8,822
Petty Cash	
Certificates of Deposit	
Total Reporting Entity	$ 74,401

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

The Elk Township (the Township) is a municipality that provides service to residents in the Township. The Elk Township is a municipal corporation governed by an elected council. The regulatory statement presents the Elk Township (the municipality) financial position. 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 2022:

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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 2020 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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (continued)

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

1) Special Machinery Reserve 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.

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 3) 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.

Cash and Cash Equivalents

For purposes of the summary of cash balances, (see the supplemental information on schedules 1 through 3) cash and cash equivalents are defined as demand deposits and certificates of deposit at banks with maturities of three months or less.

Income Taxes

The Township's payroll tax returns for the years ending 2022, 2020, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

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 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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Deposits and Investments (continued)

Custodial Credit Risk – Deposits (continued)

At December 31, 2022, the District's carrying amount of deposits was $ 74,402 and the bank balance was $ 77,339 of which $ 77,339 was covered by FDIC insurance.

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 2022 to 2021 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 – 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Other Long Term Obligations from Operations(continued)

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.

Compensated Absences

The Township follows the guidelines set forth by state guidelines for Sick and Vacation pay policies.

NOTE 6 – Concentration of Credit Risk

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

NOTE 7 – Subsequent Events

Subsequent events for management's review have been evaluated through September 25, 2023. The date in the prior sentence is the date the financial statements were available to be issued.

ELK TOWNSHIP

For the Year Ended December 31, 2022

Changes in long-term liabilities for the Township for the year ended December 31, 2022 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
None			$		$	$	$	$	$ 0	$
Capital leases										
Grader	2.80%	6/20/16	140,015	6/20/23	42,714	0	20,957	(20,957)	21,757	1,345
Total Long Term Debt					$ 42,714	$ 0	$ 20,957	$ (20,957)	$ 21,757	$ 1,345

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2023	Totals
Principal		
General Obligation Bonds	$	$ 0
Special Assessment Bonds		0
Certificates of Participation		0
Capital Leases	21,757	21,757
Revenue Bonds		0
KDHE Loan		0
Temporary Notes		0
Total Principal	21,757	21,757
Interest		
General Obligation Bonds		0
Special Assessment Bonds		0
Certificates of Participation		0
Capital Leases	546	546
Revenue Bonds		0
KDHE Loan		0
Temporary Notes		0
Total Interest	546	546
Total Principal and Interest	$ 22,303	$ 22,303

Schedule 1

ELK TOWNSHIP
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General	$ 56,104	$ 0	$ 0	$ 56,104	$ 29,983	$ (26,121)
Special Purpose Funds						
Road	342,091	0	0	342,091	273,741	(68,350)

Elk Township

Regulatory-Required

Supplementary Information

For the year ended December 31, 2022

ELK TOWNSHIP
Schedule of Receipts and Expenditures - Actual and Budget
GENERAL FUND
Regulatory Basis
For the Year Ended December 31, 2022

	Actual	Budget	Variance-Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad Valorem property tax	$ 35,776	$ 36,884	$ (1,108)
Delinquent tax	97	100	(3)
Motor Vehicle tax	3,978	4,101	(123)
Recreational Vehicle tax	98	101	(3)
16/20 M Vehicle tax	146	151	(5)
Commercial Vehicle tax	93	96	(3)
Watercraft tax	30	31	(1)
Interest income			0
Miscellaneous revenues	87		87
Operating transfers			0
Total Cash Receipts	40,305	41,464	(1,159)
EXPENDITURES			
Officer pay and taxes	3,345	3,000	345
Employment taxes	23,619	18,000	5,619
Supplies and repairs	3,019	15,000	(11,981)
Insurance			0
Equipment			0
Cashforward		20,104	20,104
Adjustment for qualifying budget credits			0
Total Expenditures	29,983	$ 56,104	$ 14,087
Receipts Over (Under) Expenditures	10,322		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	$ 10,322		

ELK TOWNSHIP
Schedule of Receipts and Expenditures - Actual and Budget
ROAD FUND
Regulatory Basis
For the Year Ended December 31, 2022

	Actual	Budget	Variance-Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad Valorem property tax	$ 258,543	$ 265,977	$ (7,434)
Delinquent tax	1,944	2,000	(56)
Motor Vehicle tax	22,673	23,411	(738)
Recreational Vehicle tax	719	740	(21)
16/20 M Vehicle tax	681	701	(20)
Commercial Vehicle tax	586	603	(17)
Watercraft tax	232	239	(7)
Special Highway/Gas tax		4,000	(4,000)
Insurance reimbursement	2,593		2,593
Operating transfers			0
Total Cash Receipts	287,971	297,671	(9,700)
EXPENDITURES			
Salaries, wages and taxes	58,165	50,000	8,165
Employee benefits		4,000	(4,000)
Operating expense	50,532	20,000	30,532
Road materials	114,435	117,439	(3,004)
Capital Outlay		20,000	(20,000)
Insurance	18,270	12,000	6,270
Fuel	32,339	20,000	12,339
Lease purchase		22,303	(22,303)
Cashforward		76,349	76,349
Adjustment for qualifying budget credits			0
			0
Total Expenditures	273,741	$ 342,091	$ 84,348
Receipts Over (Under) Expenditures	14,230		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	$ 14,230		

Schedule 3

ELK TOWNSHIP

ALL NONBUDGETED FUNDS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022

	Special Machinery
CASH RECEIPTS	
Federal grants	$
Intergovernmental Revenue	
State funds	
Charges for services	
Interest	232
Lease proceeds	
Operating transfers	
Total Cash Receipts	232
EXPENDITURES	
Officer pay and taxes	
Employment taxes	
Supplies and repairs	
Insurance	
Equipment	21,798
Lease purchase	20,959
Neighborhood revitalization	
Operating transfers	
Total Expenditures	42,757
Receipts Over (Under) Expenditures	(42,525)
Unencumbered Cash, Beginning	92,374
Prior Year Cancelled Encumbrances	0
Unencumbered Cash, Ending	$ 49,849