

Wildcat Extension District No. 14

Audit Report

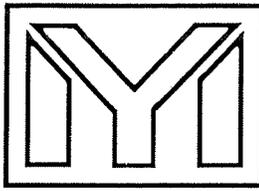
December 31, 2011

WILDCAT EXTENSION DISTRICT NO. 14

December 31, 2011

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YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Wildcat Extension District No. 14
410 Peter Pan Road, Suite B
Independence, KS 67301

We have audited the accompanying regulatory basis financial statements of the governmental activities of Wildcat Extension District No. 14, as of and for the year ended December 31, 2011, as listed in the table of contents. These regulatory basis financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these regulatory basis financial statements based on our audit.

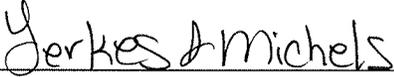
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1C, Wildcat Extension District No. 14, prepared these regulatory basis financial statements using accounting practices prescribed by the State of Kansas to demonstrate compliance with the regulatory basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the regulatory basis financial statements of the differences between the regulatory basis of accounting and accounting principles generally accepted in the United

States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the regulatory basis financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the individual funds of Wildcat Extension District No. 14, as of December 31, 2011, the changes in its financial position, or the cash flows of its proprietary fund for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Also, in our opinion, the regulatory basis financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balance of the individual fund of Rolling Prairie Extension District No. 14, as of December 31, 2011, and the respective cash receipts and expenditures for that fund for the year then ended, on the basis of accounting described in Note 1C.


YERKES & MICHELS, CPA, LLC

January 9, 2013

**WILDCAT EXTENSION DISTRICT NO 14
SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

For the Year Ended December 31, 2011

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND	\$ 256,788.40	\$ -	\$ 311,547.20	\$ 444,895.00	\$ 123,440.60	\$ -	\$ 123,440.60
							GENERAL FUND

GOVERNMENTAL TYPE FUNDS:

TOTAL PRIMARY GOVERNMENT	\$ 256,788.40	\$ -	\$ 311,547.20	\$ 444,895.00	\$ 123,440.60	\$ -	\$ 123,440.60
							TOTAL PRIMARY GOVERNMENT

COMPOSITION OF CASH-Primary Government

First National Bank :	
Account No. 1929	\$ 4,926.82
Labette Bank	
Account No. 50067	38,129.82
Community National Bank	
Account No. 1910001139	80,383.96
TOTAL PRIMARY GOVERNMENT	<u>\$ 123,440.60</u>

**WILDCAT EXTENSION DISTRICT NO. 14
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**

For the Six Months Ended December 31, 2011

<u>GOVERNMENTAL TYPE FUNDS</u>	<u>Certified Budget</u>	<u>Adjustment For Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General - See Note 2	\$ 461,289.00	\$ -	\$ 461,289.00	\$ 444,895.00	\$ (16,394.00)

**WILDCAT EXTENSION DISTRICT NO. 14
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

GENERAL FUND

For the Six Months Ended December 31, 2011

	Six Months Ended December 31, 2011		
	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes	\$ 203,081.38	\$ 333,814.00	\$ (130,732.62)
KSU Funding	78,979.08	72,195.00	6,784.08
Educational Service	19,769.22	12,500.00	7,269.22
Miscellaneous	9,717.52	21,500.00	(11,782.48)
TOTAL CASH RECEIPTS	\$ 311,547.20	\$ 440,009.00	\$ (128,461.80)
EXPENDITURES			
Contract Labor	\$ 230,404.97	\$ -	\$ 230,404.97
Salaries	65,607.20	288,404.00	(222,796.80)
Utilities	29,005.71	-	29,005.71
Travel	19,861.66	-	19,861.66
Supplies	12,763.20	94,465.00	(81,701.80)
Educational Services	12,164.66	12,500.00	(335.34)
Employee Benefits	51,994.44	44,420.00	7,574.44
Miscellaneous	4,223.30	-	4,223.30
Payroll Taxes	5,089.43	-	5,089.43
Subsistence	7,479.83	-	7,479.83
Small Equipment/ Automobile Expense	6,300.60	21,500.00	(15,199.40)
TOTAL EXPENDITURES	\$ 444,895.00	\$ 461,289.00	\$ (16,394.00)
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (133,347.80)		
UNENCUMBERED CASH, BEGINNING	256,788.40		
UNENCUMBERED CASH, ENDING	\$ 123,440.60		

WILDCAT EXTENSION DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. FINANCIAL REPORTING ENTITY

Wildcat Extension District No. 14 is an Extension District governed by a twelve member Board of Directors. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The District was formed on July 1, 2011 by the combination of Crawford, Labette and Montgomery County Extension Councils. The District's purpose is to provide quality information, education, and problem solving programs to individuals in the Crawford, Labette and Montgomery County, Kansas area about crops and livestock, 4-H & youth development, lawn & gardens, and health & nutrition.

1B. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

The regulatory basis of accounting, as used in the preparation of these regulatory basis financial statements, is designed to demonstrate compliance with the regulatory basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and expenditure would be charged in the fund from which the transfer is made.

The District has passed 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 District to use the regulatory basis of accounting.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of Wildcat Extension District No. 14, for the year 2011:

WILDCAT EXTENSION DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1B. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING (cont'd)

GOVERNMENTAL FUNDS

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

1C. DEPARTURE FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not present in the financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2A. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise 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 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

WILDCAT EXTENSION DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd.)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue 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 the 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 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 District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year-end.

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.

Per the operational agreement when the District was formed, each county will continue to operate under their established 2011 budget; therefore the budget presented in the financial statements is the combined budgets for Crawford, Labette, and Montgomery County Extension Councils, prorated at 50% for the six months the entities operated as a combined District.

2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS

Management is not aware of any violations of compliance with Kansas Statutes or violations of other finance related legal matters.

NOTE 3 - BEGINNING UNENCUMBERED CASH BALANCE

The Crawford, Labette and Montgomery County Extension Councils combined on July 1, 2011 creating the District. Upon consolidation each County contributed funds to establish the District's beginning cash balance. The counties of Crawford, Labette and Montgomery each contributed \$139,129.24, \$39,070.08 and \$28,589.08, respectively.

WILDCAT EXTENSION DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS

As of December 31, 2011, the District had no investments.

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

K.S.A. 12-1675 limits the District'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 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 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 District's deposits may not be returned to it. State statutes require the District'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%. As of December 31, 2011, all deposits were secured.

At December 31, 2011 the carrying amount of the District's deposits was \$ 123,440.60. The bank balance was \$ 167,464.13. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by three banks within Crawford, Labette and Montgomery Counties. Of the bank balance, \$ 167,464.13 was covered by federal depository 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 District 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 5 – COMPENSATED ABSENCES

District employees are eligible for vacation benefits that accrue as follows: 0 to 5 years of employment accrue 1 day per month, 5 to 14 years employment accrue 1 ½ days per month

WILDCAT EXTENSION DISTRICT NO. 14
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

NOTE 5 – COMPENSATED ABSENCES (cont'd)

and 15 years or more accrue 1 $\frac{3}{4}$ days per month. Employees may accumulate up to 30 days of vacation; any vacation accumulated in excess will be forfeited.

All full-time District employees earn sick leave at a rate of one day per month, there is no limit on the amount that can be accumulated. The District does not compensate for any unused sick leave, however upon retirement an employee will be compensated for 30 days of unused sick leave, if they have accumulated at least 100 days. Retirement is defined as being eligible for Social Security Benefits.

The liability for accrued vacation and sick pay is not reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2011. The cost of vacation and sick pay are recognized as expenditures when paid.

NOTE 6 – PENSION

The District does not provide any other employee benefits, however until December 31, 2011 Crawford and Labette County employees were covered under Kansas Public Employees Retirement System (KPERs) through the contributions by the respective counties'. Crawford County employees were also covered under the county health insurance plan.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

NOTE 8 – USE OF ESTIMATES

The preparation of regulatory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of expenditures during the audit period, encumbrances outstanding, fair value of investments, and disclosure of contingencies at the end of the audit period. Actual results could differ from the estimates.

NOTE 9 – SIGNIFICANT DEFICIENCY

We noted that, due to the small number of staff, proper segregation of duties is not attainable. See the Internal Control Letter for additional information.