# TECUMSEH TOWNSHIP

Shawnee County, Kansas

## FINANCIAL STATEMENT

December 31, 2024

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

**TECUMSEH TOWNSHIP**
Shawnee County, Kansas
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December 31, 2024


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June 6, 2025

Board of Directors
Tecumseh Township
Shawnee County, Kansas

**Independent Auditor's Report**

***Adverse and Unmodified Opinions***
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Tecumseh Township (the Township), as of and for the year ended December 31, 2024 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 the Township as of December 31, 2024, or changes in financial position and cash flows thereof for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Township as of December 31, 2024, and the aggregate receipts and expenditures for they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

***Basis for Adverse and Unmodified Opinions***
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. 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 the relevant ethical requirements relating to our audits. 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 the 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 KMAAG, 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 the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 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.



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***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 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 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 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 judgment, 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 an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

**TECUMSEH TOWNSHIP**
Shawnee County, Kansas
**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH** **STATEMENT 1**
Regulatory Basis
For the Year Ended December 31, 2024

| | Beginning Unencumbered Cash Balance | Prior Year Canceled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|---|---|---|---|---|---|---|---|
| **GOVERNMENTAL TYPE FUNDS** | | | | | | | |
| General | $ 152,710 | $ - | $ 2,250,865 | $ 2,226,825 | $ 176,750 | $ - | $ 176,750 |
| Special Machinery | 876,605 | - | 110,960 | - | 987,565 | - | 987,565 |
| Capital Improvement | - | - | 375,000 | - | 375,000 | - | 375,000 |
| **Total Reporting Entity** | $ 1,029,315 | $ - | $ 2,736,825 | $ 2,226,825 | $ 1,539,315 | $ - | $ 1,539,315 |

**Composition of Cash**

| | |
|---|---|
| Checking Accounts | $ 1,539,315 |

See Independent Auditor's Report.
The accompanying notes are an integral part of this financial statement.

## Note 1: Summary of Significant Accounting Policies

### Municipal Financial Reporting Entity

The Tecumseh Township, Shawnee County, Kansas (the Township) is a municipal corporation governed by an elected three member board. This financial statement presents the Township, the primary government. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. The Township has no legally separate entities. The primary government financial statement referred to above does not include any related municipal entities of the Township.

### Basis of Accounting

*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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

### Regulatory Basis Fund Types

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The following types of governmental funds comprise the financial activities of the Township for the year:

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

**Special Purpose Fund -** Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified use.

The Township under K.S.A. 79-1962 has authority to levy taxes for general purposes.

Because Shawnee County does not operate under the county road unit system, the Township's Road Department was established for the maintenance of township roads. The authority to levy a tax to fund the department is granted by K.S.A. 68-518c.

The Township budgets the Road Maintenance Department separately from General Administrative expenditures. Their combined budgets are combined as one fund when determining compliance with statutory budgeting spending limitations.

**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, if applicable. The statutes provide for the following sequence and timetable in the adoption of the legal and annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1st.

2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

4. Adoption of the final budget on or before August 25th.

If the Township 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, but at least ten days after all statutory notifications and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but nay not be adopted prior to the revenue neutral rate hearing. The Township 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 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 that time.

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 modified accrual basis of accounting, modified further by the encumbrances method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the Township for future payments and are supported by a document evidencing the commitments, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

Special Equipment
Capital Improvement

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the Township Board.

**Note 3: Deposits and Investments**

As of December 31, 2024, the Township had no investments.

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.

**Note 3: Deposits and Investments (Continued)**

K.S.A. 12-1675 limits the Township's investment of idle funds to time deposits, open accounts, and certificates of deposits with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Township has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the Township may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk - deposits. C*ustodial 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.

At December 31, 2024, the Township's carrying amount of deposits was $1,539,315 and the bank balance was $1,615,967. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institution in the Township's name.

**Note 4: Defined Benefit Pension Plan**

***General Information about the Pension Plan***

***Plan description***: The Township 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, etc. 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 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, 2016. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS I, 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, 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 9.26% for KPERS for the year ended December 31, 2024. Contributions to the pension plan from the Township were $46,727 for the year ended December 31, 2024.

**Note 4: Defined Benefit Pension Plan (Continued)**

***Net Pension Liability***

At December 31, 2024, the Township's proportionate share of the collective net pension liability reported by KPERS was $451,186. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on the ratio of the Township'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 at www.kpers.org or can be obtained as described above.

**Note 5: Other Long-Term Obligations From Operations**

***Death and Disability***: 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, 2024.

**Note 6: Interfund Transfers**

Operating transfers were as follows for the year ended December 31, 2023:

| From | To | Regulatory Authority | Amount |
|---|---|---|---|
| General | Capital Improvement | K.S.A. 80-122(a) | $ 375,000 |

**Note 7: Subsequent Events**

The Township has evaluated subsequent events through the date of this financial statement, which is the date the financial statement was available to be issued.

# REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

**TECUMSEH TOWNSHIP**
Shawnee County, Kansas
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET** **SCHEDULE 1**
Regulatory Basis
For the Year Ended December 31, 2024

| Funds | Certified Budget | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance - Over (Under) |
|---|---|---|---|---|---|
| **Governmental Type Funds** | | | | | |
| General Fund | $ 2,226,837 | $ - | $ 2,226,837 | $ 2,226,825 | $ (12) |

See Independent Auditor's Report.

**TECUMSEH TOWNSHIP**
Shawnee County, Kansas
**GENERAL FUND**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**
Regulatory Basis
For the Year Ended December 31, 2024

**SCHEDULE 2**

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **CASH RECEIPTS** | | | |
| Taxes and shared revenue | | | |
| Ad Valorem property tax | $ 1,829,701 | $ 1,850,640 | $ (20,939) |
| Delinquent tax | 24,414 | - | 24,414 |
| Motor vehicle tax | 217,048 | 204,616 | 12,432 |
| Recreational vehicle tax | 3,371 | 3,746 | (375) |
| 16/20 M vehicle tax | 881 | 1,093 | (212) |
| Commercial vehicle tax | 3,479 | 3,371 | 108 |
| Watercraft | - | 2,404 | (2,404) |
| State highway tax | 21,327 | 23,046 | (1,719) |
| Park rental | 11,600 | 9,800 | 1,800 |
| Other fees | 1,987 | - | 1,987 |
| Topeka Township Maintenance Contract | 92,082 | 127,000 | (34,918) |
| Interest | 44,975 | 9,250 | 35,725 |
| **Total Cash Receipts** | $ 2,250,865 | $ 2,234,966 | $ 15,899 |
| **EXPENDITURES SUBJECT TO BUDGET** | | | |
| Officers pay | $ 8,280 | $ 8,280 | $ - |
| Salaries and wages | 434,348 | 428,700 | 5,648 |
| Employee benefits | 131,856 | 133,520 | (1,664) |
| Legal and accounting | 27,895 | 25,445 | 2,450 |
| Insurance | 45,647 | 44,005 | 1,642 |
| Publications | 610 | 460 | 150 |
| Utilities | 18,057 | 19,962 | (1,905) |
| Office supplies | 1,852 | 2,730 | (878) |
| Park expenses | 17,612 | 31,750 | (14,138) |
| Road materials and maintenance | 819,793 | 728,480 | 91,313 |
| Equipment | 172,082 | 195,500 | (23,418) |
| Fuel and oil | 38,074 | 37,225 | 849 |
| Parts and repairs | 113,151 | 99,220 | 13,931 |
| Supplies and operations | 21,195 | 20,260 | 935 |
| Miscellaneous | 1,373 | 1,300 | 73 |
| Transfer to Special Machinery | 375,000 | 450,000 | (75,000) |
| **Total Expenditures Subject to Budget** | $ 2,226,825 | $ 2,226,837 | $ (12) |
| **Cash receipts over (under) expenditures** | $ 24,040 | | |
| **Unencumbered Cash - Beginning** | 152,710 | | |
| **Unencumbered Cash - Ending** | $ 176,750 | | |

**TECUMSEH TOWNSHIP**
Shawnee County, Kansas
**SPECIAL MACHINERY**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL**
Regulatory Basis
For the Year Ended December 31, 2024

**SCHEDULE 2**

| | | |
|---|---|---|
| **CASH RECEIPTS** | | |
| Sale of equipment | $ | 110,960 |
| **EXPENDITURES** | $ | - |
| **Cash receipts over (under) expenditures** | $ | 110,960 |
| **Unencumbered Cash - Beginning** | | 876,605 |
| **Unencumbered Cash - Ending** | $ | 987,565 |

**TECUMSEH TOWNSHIP**
Shawnee County, Kansas
**CAPITAL IMPROVEMENT**
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL**
Regulatory Basis
For the Year Ended December 31, 2024

**SCHEDULE 2**

| | | |
|---|---|---|
| **CASH RECEIPTS** | | |
| Sale of equipment | $ | 375,000 |
| **EXPENDITURES** | $ | - |
| **Cash receipts over (under) expenditures** | $ | 375,000 |
| **Unencumbered Cash - Beginning** | | - |
| **Unencumbered Cash - Ending** | $ | 375,000 |