



**MARAIS DES CYGNES EXTENSION DISTRICT #16**  
**Paola, Kansas**

FINANCIAL STATEMENT WITH REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT

**DECEMBER 31, 2021**

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## Independent Auditor's Report

To the Board of Directors  
Marais des Cygnes Extension District #16  
Paola, Kansas

### ***Adverse and Unmodified Opinions***

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Marais des Cygnes Extension District #16 (the District), as of and for the year ended December 31, 2021 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 Marais des Cygnes Extension District #16, as of December 31, 2021, 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 Marais des Cygnes Extension District #16, as of December 31, 2021, 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 2.

### ***Basis for Adverse and Unmodified Opinions***

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

#### ***Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statement, the financial statement is prepared by Marais des Cygnes Extension District #16 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 2; 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 District'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 District'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 and individual fund schedules of regulatory basis receipts and expenditures - actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 2.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Marais des Cygnes Extension District #16 as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated December 15, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/oar/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 30, 2020, on the basis of accounting described in Note 2.

SSC CPAs, P.A.

SSC CPAs, P.A.

Salina, Kansas

January 14, 2023

**MARAIS DES CYGNES EXTENSION DISTRICT #16****SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)**

FOR THE YEAR ENDED DECEMBER 31, 2021

**STATEMENT 1**

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 261,579	\$ 739,207	\$ 673,930	\$ 326,856	\$ -	\$ 326,856

**COMPOSITION OF CASH:**

Checking Account	\$ 246,046
Certificates of Deposit	80,810
	\$ 326,856

## **MARAIS DES CYGNES EXTENSION DISTRICT #16**

### **NOTES TO THE FINANCIAL STATEMENT**

#### **1. REPORTING ENTITY**

The Marais des Cygnes Extension District #16 is an outreach of Kansas State Research and Extension Department of Kansas State University, formed under K.S.A. 2-623 *et seq.* The District provides educational services and programs in such areas as agriculture, family and consumer sciences, 4-H clubs, and economic development, to persons in Linn and Miami Counties. The District was formed under an operational agreement on July 1, 2014 by the merging of Linn and Miami County Extension Councils. The District has its own property tax levy and is governed by an elected eight-member executive board.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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 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 District to use the regulatory basis of accounting.

**Fund Descriptions.** The following types of funds comprise the financial activities of the District for the year ended December 31, 2021:

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

*Salaries.* Pursuant to the Memorandum of Understanding between Kansas State University College of Agriculture and Applied Science (the University), and Linn and Miami Counties, the University pays for a portion of the extension agents' salaries, payroll taxes, and benefits, and bills the remainder to the District on a monthly basis. The extension agents are considered employees of the University for all payroll reporting purposes.

The District prepares monthly financial statements and submits them to the University for their review. The monthly statements report the total extension agent salaries as an expenditure and includes the portion paid by the University as a receipt. The value of salaries paid by Kansas State University in 2021 was \$83,200.

#### **3. 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

## MARAIS DES CYGNES EXTENSION DISTRICT #16

### NOTES TO THE FINANCIAL STATEMENT

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 a least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the District is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The District did not 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. 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 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 District 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.

#### 4. DEPOSITS AND 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 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 deposits 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



## MARAIS DES CYGNES EXTENSION DISTRICT #16

### NOTES TO THE FINANCIAL STATEMENT

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%. The District has not designated a "peak period." All deposits were legally secured at December 31, 2021.

*Deposits.* At December 31, 2021, the District's carrying amount of deposits was \$326,856 and the bank balance was \$354,404. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$320,810 was covered by federal depository insurance, \$33,594 was collateralized with securities held by the pledging financial institution's agents in the District's name.

*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.

#### 5. RETIREMENT PLAN

A SIMPLE 401(k) retirement plan is offered to any employee that works over 1,040 hours per year. The employee contributes a minimum percentage of their gross salary to the plan. Employees are eligible for retirement benefits at age 65 with any number of years of service.

#### 6. OTHER POST-EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employee 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 District under this program.

#### 7. COMPENSATED ABSENCES

The District provides compensation for absences for full-time and part-times employees. Full-time employees are those who work at least 40 hours per week, and part-time employees average at least 20 hours per week. The District provides annual leave at the following rates:

Years of Service	Full-Time	Part-Time
0-6 years	8 hours/month	4 hours/month
7-13 years	10 hours/month	5 hours/month
> 13 years	12 hours/month	6 hours/month
Maximum Accumulation	160 hours	144 hours

Upon retirement, resignation or termination of employment, full accumulated vacation leave will be paid.

## MARAIS DES CYGNES EXTENSION DISTRICT #16

### NOTES TO THE FINANCIAL STATEMENT

The District also provides sick leave for full-time employees at the rate of 8 hours per month; part-time employees earn 4 hours a month. Upon retirement or voluntary resignation in good standing, the District will pay sick leave at the following rates:

Years of Service	Max Accumulated Leave	then Pay for
0-7 years	720 hours	25% of accumulated leave at current salary level
8-14 years	720 hours	35% of accumulated leave at current salary level
> 15 years	720 hours	50% of accumulated leave at current salary level

#### 8. RISK MANAGEMENT AND UNCERTAINTIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance to protect itself from these risks of loss.

As a result of significant disruption in the U.S. economy due to the outbreak of the COVID-19 coronavirus in 2020, uncertainties have arisen which are likely to impact future operating results. The duration and extent to which COVID-19 may impact financial performance is unknown at this time.

#### 9. SUBSEQUENT EVENTS

The District's management has evaluated events and transactions occurring after December 31, 2021 through January 14, 2023. The aforementioned date represents the date the financial statement was available to be issued.

**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION**

**MARAIS DES CYGNES EXTENSION DISTRICT #16****SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2021****SCHEDULE 2**

Fund			Certified Budget		Adjustment For Qualifying Budget Credits		Total Budget For Comparison		Expenditures Chargeable to Current year		Variance- Over (Under)
General	Fund	\$	893,364	\$	-	\$	893,364	\$	673,930	\$	(219,434)

**MARAIS DES CYGNES EXTENSION DISTRICT #16****SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2021****SCHEDULE 2**

		Current Year			
	Prior Year				Variance
	Actual	Actual	Budget		Over
					(Under)
Receipts					
Taxes and shared revenue					
Ad valorem tax	\$ 554,997	\$ 570,442	\$ 565,285	\$	5,157
Delinquent tax	272	169	-		169
Motor vehicle tax	47,852	50,274	47,544		2,730
Recreation vehicle tax	1,994	1,998	1,189		809
16/20M vehicle tax	-	1,526	1,365		161
Commercial vehicle tax	-	2,494	2,139		355
Watercraft tax	-	156	419		(263)
Excise tax	-	4	4		-
Payment in lieu of tax	302	276	105		171
Kansas State University	80,512	83,200	83,200		-
Educational services reimbursements	21,127	23,472	65,000		(41,528)
Interest income	1,519	349	-		349
Facility fees and other	11,633	4,847	10,000		(5,153)
Total receipts	720,208	739,207	\$ 776,250	\$	(37,043)
Expenditures					
Audit, bond, insurance, and legal fees	16,333	19,368	\$ 15,000	\$	4,368
Telephone	10,229	10,828	11,000		(172)
Rent and utilities	63,143	62,007	94,000		(31,993)
Supplies, stationary, and postage	10,465	9,375	10,500		(1,125)
Repairs and maintenance	15,410	11,406	45,000		(33,594)
Educational program support	14,907	12,927	16,000		(3,073)
Travel	4,043	6,117	14,000		(7,883)
Subsistence	1,672	2,985	7,000		(4,015)
Salaries and wages	392,201	405,265	435,000		(29,735)
Employee benefits	54,932	57,423	63,750		(6,327)
Capital outlay	219,005	47,306	113,636		(66,330)
Educational services reimbursements	20,498	28,923	68,478		(39,555)
Total expenditures	822,838	673,930	\$ 893,364	\$	(219,434)
Receipts over (under) expenditures	(102,630)	65,277			
Unencumbered cash, beginning	364,209	261,579			
Unencumbered cash, ending	\$ 261,579	\$ 326,856			