SSC CPAs, P.A.

MARAIS DES CYGNES EXTENSION DISTRICT #16

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

DECEMBER 31, 2023

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SSC CPAs, P.A.

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 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, 2023 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, 2023, 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, 2023, 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 relating 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 discussed 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, 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 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 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, 2022 (not presented herein), and have issued our report thereon dated August 22, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 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 https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2023 (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 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 2.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

August 21, 2024

MARAIS DES CYGNES EXTENSION DISTRICT #16
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

STATEMENT 1

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 369,286	$ 878,666	$ 1,076,419	$ 171,533	$ -	$ 171,533

COMPOSTION OF CASH:

Checking	$ 100,561
Certificates of Deposit	70,972
TOTAL CASH	$ 171,533

1. REPORTING ENTITY

Marais des Cygnes Extension District #16 (the District), is a sub-division of Linn and Miami County Extension Councils and the Research and Extension Department of Kansas State University, formed under K.S.A. 2-623 through 2-628. The District was formed under an operational agreement to combine the extension programs for each county into one extension program. The District is governed by an elected 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 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 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, 2023:

> 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 agent's 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 the non-cash receipts from the University for salaries in 2023 was $88,361.

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 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.

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 held 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 regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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, 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 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 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, 2023.

At December 31, 2023, the District's carrying amount of deposits was $171,533 and the bank balance was $208,331. The bank balance was held by three banks. Of the bank balance, $208,331 was covered by federal depository insurance.

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 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 District under this program.

7. COMPENSATED ABSENCES

Vacation and annual leave is accumulated at the following rate:

Years of Service	Full-Time Earned Leave
0-6 Years	12 days / year
7-13 Years	15 days / year
> 14 Years	18 days / year

Years of Service	Part-Time Earned Leave
0-6 Years	6 days / year
7-13 Years	7.5 days / year
> 14 Years	9 days / year

Annual leave may be accumulated up to 20 days for full-time employees and 10 days for part-time employees. Annual leave is payable at the time of termination based upon the employee's hourly rate. Upon retirement, resignation, or termination of employment, full accumulated annual leave will be paid based on employee's hourly rate.

Sick leave is accumulated at one day per month for full-time employees and half a day for part-time employees.

Accumulated sick leave can total no more than 90 days for full-time employees and 45 days for part-time employees and is not payable at termination. Upon retirement or voluntary resignation in good standing, the District will pay sick leave at the following rates:

Years of Service	Max Accumulated Leave	Full-Time then Pay for
0-7 Years	180 hours	25% of accumulated leave at current salary level
8-14 Years	252 hours	35% of accumulated leave at current salary level
15-21 Years	360 hours	50% of accumulated leave at current salary level

Years of Service	Max Accumulated Leave	Part-Time then Pay for
0-7 Years	90 hours	25% of accumulated leave at current salary level
8-14 Years	126 hours	35% of accumulated leave at current salary level
15-21 Years	180 hours	50% of accumulated leave at current salary level

8. 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; injuries to employees; and natural disasters. The District continues to carry commercial insurance to protect itself from these risks of loss.

9. SUBSEQUENT EVENTS

The District's management has evaluated events and transactions occurring after December 31, 2023 through August 21, 2024. The aforementioned date represents the date the financial statement was available to be issued.

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

MARAIS DES CYGNES EXTENSION DISTRICT #16
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 1

Fund	Certified Budget	Adjustment For Qualifying Budget Credits	Total Budget For Comparison	Expenditures Chargeable to Current Year	Variance-Over (Under)
General Fund	$ 1,138,000	$ -	$ 1,138,000	$ 1,076,419	$ (61,581)

MARAIS DES CYGNES EXTENSION DISTRICT #16
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Tax	$ 592,363	$ 652,880	$ 652,896	$ (16)
Delinquent Tax	5,767	6,320	-	6,320
Motor Vehicle Tax	44,619	42,934	41,881	1,053
Recreational Vehicle Tax	1,255	1,300	1,205	95
Commercial Vehicle Tax	1,594	1,617	2,069	(452)
Watercraft Tax	-	-	417	(417)
Rental Excise Tax	10	9	-	9
16/20M Vehicle Tax	-	-	1,541	(1,541)
In Lieu of Tax	641	769	-	769
Kansas State University	85,241	88,361	94,510	(6,149)
Educational Services Reimbursements	49,347	77,780	65,000	12,780
Other	16,202	6,696	5,000	1,696
Total Cash Receipts	797,039	878,666	$ 864,519	$ 14,147
Expenditures				
Audit, Bond, Insurance, Legal Fees	16,401	22,890	$ 25,000	$ (2,110)
Telephone	17,635	16,325	20,000	(3,675)
Rent and Utilities	67,810	71,130	80,000	(8,870)
Supplies, Stationary, and Postage	13,574	13,707	30,000	(16,293)
Repairs and Maintenance	10,805	3,113	55,000	(51,887)
Education Program Support	11,739	34,544	25,000	9,544
Travel	8,092	11,579	25,000	(13,421)
Subsistence	7,784	7,412	15,000	(7,588)
Salaries and Wages	429,190	485,746	510,000	(24,254)
Employer Contribution Benefits and Taxes	66,365	74,265	70,000	4,265
Reimbursements	53,433	73,030	65,000	8,030
Capital Outlay	51,781	262,678	218,000	44,678
Total Expenditures	754,609	1,076,419	$1,138,000	$ (61,581)
Receipts Over (Under) Expenditures	42,430	(197,753)		
Unencumbered Cash, Beginning	326,856	369,286		
Unencumbered Cash, Ending	$ 369,286	$ 171,533		