SCOTT COUNTY PUBLIC BUILDING COMMISSION

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

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LEWIS, HOOPER & DICK LLC
certified public accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Scott County Public Building Commission
Scott City, Kansas 67871

Report on the Audit of the Financial Statement

Opinions

We have audited the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash of the Scott County Public Building Commission, Scott City, Kansas (the Commission), as of and for the year ended December 31, 2023, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement presents fairly, in all material respects, the aggregate cash and unencumbered cash of the Commission as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the basis of accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *Kansas Municipal Audit and Accounting Guide's (KMAAG)* regulatory basis of accounting and budget laws as described in Note 1.

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 Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Commission as of December 31, 2023, or changes in net position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *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 Commission, 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 audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the Commission on the basis of accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *KMAAG*'s regulatory basis of accounting and budget laws, 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 and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *KMAAG*'s regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

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 and the *KMAAG* 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 and the *KMAAG*, 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 Commission'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 Commission'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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash (the financial statement) as a whole. The regulatory basis individual fund schedule of receipts and expenditures (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the financial statement; however, it is 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS and the *KMAAG*. In our opinion, the accompanying supplemental information is fairly stated in all material respects in relation to the financial statement as a

whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with GAAS and the *KMAAG*, the financial statement of the Commission as of and for the year ended December 31, 2022, (not presented herein), and have issued our report thereon dated April 18, 2023, which contained an unmodified opinion on the financial statement. The 2022 financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2023, (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 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 financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 financial statement or to the 2022 financial statement itself, and other additional procedures in accordance with GAAS and the *KMAAG*. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.

Lewis, Hooper & Dick, LLC

LEWIS, HOOPER & DICK, LLC

April 16, 2024

SCOTT COUNTY PUBLIC BUILDING COMMISSION
Summary Statement of Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2023

Fund	Unencumbered Cash 1/1/2023	Receipts	Expenditures	Unencumbered Cash 12/31/2023	Outstanding Encumbrances and Accounts Payable	Treasurer's Cash 12/31/2023
General Fund	$ 1,900	$ 843,349	$ 840,860	$ 4,389	$ -	$ 4,389
Totals (memorandum only)	$ 1,900	$ 843,349	$ 840,860	$ 4,389	$ -	$ 4,389

Composition of Cash	
Demand deposits:	
First National Bank - Scott City	$ 918
Investments:	
Security Bank - Kansas City	3,471
Total cash	$ 4,389

The accompanying Notes to the Financial Statement are an integral part of this statement.

SCOTT COUNTY PUBLIC BUILDING COMMISSION
Notes to the Financial Statement
For the Year Ended December 31, 2023

1. Summary of significant accounting policies

Scott County Public Building Commission, Scott County, Kansas (the Commission), was incorporated under the provisions of the State of Kansas and operates under an appointed board. The Commission makes available to other entities within the County buildings, space in such buildings and other facilities.

A. Financial reporting entity

The Commission was created under K.S.A. 12-1757. The Commission is governed by a three member board with one member appointed by the Scott County Commissioners, one member appointed by the City of Scott City, Kansas, and one member appointed by the other members of the Commission. The County's and City's accountability for this organization does not extend beyond making the appointments; however, the County and City consider the Commission to be a related municipal entity.

This financial statement presents the Scott County Public Building Commission (the municipality) and its related municipal entities. Related municipal entities are included in the Commission's reporting entity because they were established to benefit the Commission and/or its constituents. However, the Commission has no organizations, functions or activities which are considered related municipal entities of the Commission.

B. 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 Commission 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 Commission to use the regulatory basis of accounting.

C. Regulatory basis fund types

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 fund types are used by the Commission:

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 receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)
Bond and Interest funds – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.).

Trust funds – used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency funds – used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, etc.).

D. Cash and investments
Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the Commission (except for investments in the Kansas Municipal Investment Pool). Cash includes amounts in demand deposits and certificates of deposit. Investments of the pooled accounts consist primarily of investments in the Kansas Municipal Investment Pool and U.S. government securities carried at cost, which approximates market. Interest income earned, unless specifically designated, is allocated to the general fund.

Investments are stated at cost. The aggregate value of the investments at December 31, 2023 is $3,471.

E. Interfund transactions and reimbursements
Quasi-external transactions (i.e., transactions that would be treated as receipts or expenditures if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

F. Memorandum totals
Totals on the financial statement are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidated financial information is presented nor are all required disclosures presented for these amounts.

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2. Stewardship, compliance and accountability

A. Noncompliance with finance-related legal and contractual provisions

References made herein to the statutes are not intended as interpretations of the law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representation of the Commission.

There are no known material violations of finance-related legal and contractual provisions including Kansas statutes, regulations, contracts, debt covenants, or other agreements for the year ended December 31, 2023.

3. Detailed notes on all funds

A. Deposits and investments

A reconciliation of cash and investments as shown in the composition of cash on the summary statement of receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Carrying amount of deposits	$	918
Carrying amount of investments		3,471
Total cash	$	4,389

As of December 31, 2023, the Commission had the following investments and maturities:

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1-2	Rating U.S.
Guaranteed Investment Contracts secured by U.S. Treasury and Agencies	$ 3,471	$ 3,471	$ -	N/A
Total fair value	$ 3,471	$ 3,471	$ -	

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

K.S.A. 12-1675 limits the Commission'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 Commission has no investment policy that would further limit its investment choices. The rating of the Commission's investments is noted above.

Concentration of credit risk

State statutes place no limit on the amount the Commission 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. The Commission's allocation of investments as of December 31, 2023, is as follows:

Investments	Percentage of Investments
Guaranteed Investment Contracts secured by U.S. Treasury and Agencies	100%

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. State statutes require the Commission'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 Commission does not use designated "peak periods".

At December 31, 2023, the Commission's carrying amount of deposits was $918 and the bank balance was $918. Of the bank balance, 100% was held by one financial institution resulting in a concentration of credit risk. Of the bank balance, all $918 was covered by federal depository insurance. The Commission's cash deposits at year end are as follows:

	First National Bank - Scott City
FDIC coverage	$ 918
Pledged securities at market value	-
Total coverage	$ 918
Funds on deposit	$ 918
Funds at risk	$ -

Custodial credit risk - investments

Custodial credit risk for an investment is the risk that, in the event of the failure of the issuer or counterparty, the Commission 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. The Commission had no investments of this type at December 31, 2023.

B. Long-term debt

Changes in long-term debt for the Commission for the year ended December 31, 2023 were as follows:

	Date of Issue	Maximum Rate	Date of Final Maturity	Amount of Issue	Balance 1/1/23	Additions	Reductions/ Payments	Balance 12/31/23	Interest Paid
Revenue bonds:									
Series 2016	04/28/2016	3.00%	09/01/2024	$ 2,400,000	$ 650,000	$ -	$ 320,000	$ 330,000	$ 19,500
Series 2021	01/21/2021	2.00%	09/01/2025	2,350,000	1,445,000	-	470,000	975,000	28,900
Total long-term debt					$ 2,095,000	$ -	$ 790,000	$ 1,305,000	$ 48,400

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3. Detailed notes on all funds (continued)

B. Long-term debt (continued)
Current maturities of long-term debt and interest for the next two years through maturity are as follows:

	Year		
	2024	2025	Total
Principal:			
Revenue bonds	$ 810,000	$ 495,000	$ 1,305,000
Interest:			
Revenue bonds	29,400	9,900	39,300
Total principal and interest	$ 839,400	$ 504,900	$ 1,344,300

4. Other information

A. Related party transactions
On March 1, 2009, the Commission entered into a lease with option to purchase with Scott County, Kansas, and the City of Scott City, Kansas, for the law enforcement building. The lease provides for payments from the County and City to finance the cost of bonds issued by the Commission for the construction of the building and other expenses of the building. Lease payments received during the current year totaled $339,500. Future minimum lease payments to be received through August 1, 2024 are as follows:

Year	Rent Payments
2024	$ 339,900
Total	$ 339,900

On October 1, 2010, the Commission entered into a lease with option to purchase with Scott County, Kansas, for the Park Lane Nursing Home. The lease provides for payments from the County to finance the cost of bonds issued by the Commission for the construction and other expenses of the project. Lease payments received during the current year totaled $498,900. Future minimum lease payments, to be received through September 1, 2025 are as follows:

Year	Rent Payments
2024	$ 499,500
2025	504,900
Total	$ 1,004,400

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SUPPLEMENTAL INFORMATION

SCHEDULE 1

SCOTT COUNTY PUBLIC BUILDING COMMISSION
General Fund
Statement of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
With Comparative Totals for the Prior Year Ended December 31, 2022

	Prior Year Actual	Current Year Actual
Receipts:		
Intergovernmental revenue	$ 829,087	$ 839,836
Interest on idle funds	984	3,513
Other income	175	-
Total receipts	830,246	843,349
Expenditures:		
Debt service	826,700	838,400
Contractual	2,405	2,460
Commodities	179	-
Total expenditures	829,284	840,860
Receipts over expenditures	962	2,489
Unencumbered cash, beginning	938	1,900
Unencumbered cash, ending	$ 1,900	$ 4,389