NORTH CENTRAL KANSAS REGIONAL JUVENILE DETENTION FACILITY & GEARY COUNTY SECURE CARE CENTER

Junction City, Kansas

FINANCIAL STATEMENT

AND

INDEPENDENT AUDITOR'S REPORT

December 31, 2024

Varney & Associates, CPAs, LLC
Manhattan, Kansas

NORTH CENTRAL KANSAS REGIONAL JUVENILE DETENTION FACILITY
& GEARY COUNTY SECURE CARE CENTER
Junction City, Kansas
TABLE OF CONTENTS
December 31, 2024

	Pages
Independent Auditor's Report	1 - 3
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to Financial Statement	5 - 8
Regulatory-Required Supplementary Information	
Summary of Expenditures - Actual and Budget - Schedule 1	10
Schedule of Receipts and Expenditures - Actual and Budget - Schedule 2	11

February 25, 2025

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Directors
North Central Kansas Regional Juvenile Detention Facility & Geary County Secure Care Center
Junction City, 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 North Central Kansas Regional Juvenile Detention Facility & Geary County Secure Care Center (the Center), 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 Center 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 Center 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 audit 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 Center 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 Center 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 Center'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.

1501 Poyntz Avenue
Manhattan, KS 66502

785-537-2202 • fax 785-537-1877
http://www.varney.com

1102 Commercial St., Suite A
Emporia, KS 66801

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 Center'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 Center'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.

Supplementary Information (Continued)

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Center as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated February 25, 2025, which contained an unmodified opinion on the basic financial statement. The 2023 basic 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/oar/municipal-services. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2024 (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 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2024 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 2023 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 2023 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, 2024, on the basis of accounting described in Note 1.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

NORTH CENTRAL KANSAS REGIONAL JUVENILE DETENTION FACILITY
& GEARY COUNTY SECURE CARE CENTER
Junction City, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
December 31, 2024

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Fund:							
General Fund	$ 1,003,910	$ -	$ 3,019,319	$ 3,042,637	$ 980,592	$ 3,388	$ 983,980
Total Reporting Entity	$ 1,003,910	$ -	$ 3,019,319	$ 3,042,637	$ 980,592	$ 3,388	$ 983,980

Composition of Cash:	
Checking Account	$ 434,411
Certificates of Deposit	549,569
Total Reporting Entity	$ 983,980

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

NORTH CENTRAL KANSAS REGIONAL JUVENILE DETENTION FACILITY
& GEARY COUNTY SECURE CARE CENTER
Junction City, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2024

Note 1: Summary of Significant Accounting Policies

Financial Reporting Entity

North Central Kansas Regional Juvenile Detention Facility & Geary County Secure Care Center (the Center), is a jointly governed organization created as a separate legal entity on November 23, 1992. The Center, located in Junction City, Kansas, was organized by its members to provide a detention facility for juvenile offenders. The governing body is composed of member county representatives. The member counties are Geary, Cloud, Riley, Dickinson, Marion, Morris, Mitchell, Republic, Lincoln, Jewell, Washington, Marshall, Pottawatomie, Ottawa and Saline.

The accounting and reporting policies of the Center conform to the regulatory basis laws of the State of Kansas. The more significant accounting policies of the Center are described below.

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 regulations, restrictions, or limitations.

The following fund comprises the financial activities of the Center:

General Fund – The General Fund is the chief operating fund of the Center. This fund is used to account for all financial resources.

Basis of Accounting

Regulatory *Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The 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 Center has approved a resolution that is in compliance with K.S.A.. 75-1120S(c), waiving the requirement for application of generally accepted accounting principles and allowing the Center to use the regulatory basis of accounting.

Budgetary Information

The Center's interlocal cooperation agreement establishes the fiscal year as the twelve-month period beginning January 1. Management prepares a budget of estimated cash receipts and expenditures annually for the ensuing fiscal year. The annual operating budget is adopted, but is for internal management use only; State of Kansas statutes do not require the Detention Facility to prepare or submit a legal budget.

A comparison of actual cash receipts and expenditures and budget amounts is presented on the Schedule of Receipts and Expenditures – Actual and Budget in the supplementary information.

Compliance with Financial-Related Legal and Contractual Provisions

Management is not aware of any material violations of finance-related legal and contractual provisions for the period covered by the audit.

Note 2: Deposits and Investments

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

K.S.A. 12-1675 limits the Center'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 Center has no investment policy that would further limit its investment choices.

Concentration of credit risk. State of Kansas statutes place no limit on the amount the Center 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 Center's deposits may not be returned to it. State of Kansas statutes require the Center'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 Center has no designated "peak periods." All deposits were legally secured at December 31, 2024.

At December 31, 2024, the carrying amount of the Center's deposits was $983,980 and the bank balance was $1,018,144. The bank balance was held by two banks, resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining $518,144 was collateralized with securities with a fair market value of $1,134,824.

Note 3: Defined Benefit Pension Plan

Plan description. The Center 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, et. 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, 2015. Effective January 1, 2015, Kansas law established the KPERS member employee contribution rate at 6% of covered salary for KPERS 1, 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.

Note 3: Defined Benefit Pension Plan (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and 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 the fiscal year ended December 31, 2024. Contributions to the pension plan from the Center were $178,135 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the Center's proportionate share of the collective net pension liability reported by KPERS was $1,520,876. 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 Center's proportion of the net pension liability was based on the ratio of the Center'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 on the website at www.kpers.org or can be obtained as described above.

Note 4: Other Long-Term Obligations from Operations

Compensated Absences. The Center's policy regarding vacation leave allows employees to accumulate vacation time based on years of continuous service as follows:

Years of Continuous Service	Vacation Days Accrued	Maximum Accrual
One or Less	.75 days/mo.	9 days
1 to 10	1.25 days/mo.	20 days
10 to 15	1.50 days/mo.	24 days
Over 15	2.00 days/mo.	30 days

Vacation leave is earned by the month. Upon termination of employment an employee is entitled to pay for unused accrued vacation leave.

The Center's policy regarding sick leave allows employees to accumulate sick time based on years of continuous service as follows:

Years of Continuous Service	Vacation Days Accrued	Maximum Accrual
One or Less	.50 days/mo.	6 days
Over One Year	1.0 days/mo.	90 days

Note 4: Other Long-Term Obligations from Operations (Continued)

Sick leave is earned by the month. Upon termination of employment, an employee is not entitled to pay for unused accrued sick leave. In December 2013, the Center approved an incentive program in which employees can receive cash compensation in an amount equal to 20% of the available balance of accrued sick leave due to the employee as of the end of the year. A pay-out under this program was made in January 2024 for a total of $10,297.

Other Post Employment Benefits. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Center 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.

Note 5: Risk Management

The Center 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 Center has been unable to obtain property and liability insurance at a cost it considered to be economically justifiable. For this reason, the Center joined together with other Counties in the State to participate in Kansas County Association Multi-Line Pool (KCAMP) and Kansas Workers Risk Cooperative for Counties (KWORCC), public entity risk pools currently operating as common risk management and insurance programs.

The Center pays annual premiums to KCAMP for its property and liability insurance coverage and KWORCC for its workers' compensation insurance coverage. The agreements to participate provide that KCAMP and KWORCC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess the self-insured amount for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KCAMP or KWORCC management.

Note 6: Subsequent Events

The Center evaluated subsequent events through the date of the financial statement, which is also the date the financial statement was available to be issued.

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

NORTH CENTRAL KANSAS REGIONAL JUVENILE DETENTION FACILITY
& GEARY COUNTY SECURE CARE CENTER
Junction City, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
December 31, 2024

	Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Fund:					
General Fund	$ 2,591,000	$ -	$ 2,591,000	$ 3,042,637	$ 451,637

Note: The Center is not subject to the Kansas budget laws and therefore there is no budget violation.

NORTH CENTRAL KANSAS REGIONAL JUVENILE DETENTION FACILITY
& GEARY COUNTY SECURE CARE CENTER
Junction City, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	2023	2024		
GENERAL FUND	**Actual**	**Actual**	**Budget**	**Variance Over (Under)**
Cash Receipts				
State and County Payments	$ 913,527	$ 912,744	$ 850,000	$ 62,744
Federal Payments	-	303,774	-	303,774
Secure Care	1,840,043	1,780,838	-	1,780,838
Miscellaneous	2,742	431	-	431
Interest	15,053	21,532	-	21,532
Total Cash Receipts	$ 2,771,365	$ 3,019,319	$ 850,000	$ 2,169,319
Expenditures				
Personnel Services				
Salaries and Wages/Pre-tax	$ 1,677,866	$ 1,755,965	$ 1,600,000	$ 155,965
Payroll/Unemployment Taxes	139,917	131,712	140,000	(8,288)
Employee Health Insurance	112,734	150,443	160,000	(9,557)
Retirement (KPERS)	156,699	178,135	150,000	28,135
Insurance - Worker's Comp	21,354	35,834	25,000	10,834
Training/Benefits/Travel	14,655	13,869	20,000	(6,131)
Employee Medical Expense	4,724	2,754	9,000	(6,246)
Contractual Services				
Food Services	118,817	104,152	80,000	24,152
Utilities-Gas/Electric, etc.	43,441	43,756	45,000	(1,244)
Accounting Expense	22,565	25,067	30,000	(4,933)
Legal Expense	1,465	865	5,000	(4,135)
Telephone	7,565	7,898	7,000	898
Resident Medical/Misc.	80,884	86,482	52,000	34,482
Advertising, Dues/Subscriptions	8,546	14,408	12,000	2,408
Secure Care Client Expense	131,956	91,984	60,000	31,984
Commodities				
Insurance - Property	43,063	112,324	50,000	62,324
General Supplies	94,563	109,354	80,000	29,354
Repairs and Maintenance	43,692	51,997	50,000	1,997
Uniform Rentals	2,865	7,113	3,000	4,113
Capital Outlay	55,536	24,236	10,000	14,236
Postage	3,121	4,102	3,000	1,102
Federal Expenditures				
Covid Grant Expense	-	75,869	-	75,869
KDOC Grant Expense	-	14,318	-	14,318
Total Expenditures	$ 2,786,028	$ 3,042,637	$ 2,591,000	$ 451,637
Receipts Over (Under) Expenditures	$ (14,663)	$ (23,318)		
Unencumbered Cash - January 1	1,018,573	1,003,910		
Unencumbered Cash - December 31	$ 1,003,910	$ 980,592		