**Riley County Extension Council**
**Manhattan, Kansas**

**Financial Statement**
**December 31, 2025**

# Riley County Extension Council
# Manhattan, Kansas

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# INDEPENDENT AUDITOR'S REPORT

To the Executive Board of the
Riley County Extension Council

## Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Riley County Extension Council (the Council) as of and for the year ended December 31, 2025, and the related notes to the financial statement.

*Adverse Opinion in 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" paragraph, the 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 Council as of December 31, 2025, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance as of December 31, 2025, 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 1.

## Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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 Responsibility for the Audit of the Financial Statement section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with 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. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted, although not reasonably determinable, are presumed to be material.

**Management's Responsibility 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 1; 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 Council'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 Responsibility for the Audit of the Financial Statement**

Our objective is 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 note detecting a material misstatement resulting from fraud is higher than 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 judgement 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 Council'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 Council'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 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 1.

James Gordon & Associates CPA, P.A.

James Gordon & Associates CPA, P.A.
Manhattan, Kansas
April 7, 2026



JGA ACCOUNTANTS ADVISORS

# Riley County Extension Council
# Manhattan, Kansas

**Statement 1**

## Summary Statement of Receipts, Expenditures and Unencumbered Cash
## Regulatory Basis
## For the Year Ended December 31, 2025

| | General Fund |
|---|---|
| **Beginning Unencumbered Cash Balance** | $ 310,791 |
| Receipts | 818,917 |
| Expenditures | 793,355 |
| **Ending Unencumbered Cash Balance** | 336,353 |
| Add Encumbrances and Accounts Payable | - |
| **Ending Cash Balance** | $ 336,353 |
| | |
| **Composition of Cash** | |
| Checking Account | $ 236,253 |
| Certificate of Deposit | 100,000 |
| Petty Cash | 100 |
| **Total Cash** | $ 336,353 |

The notes to the financial statement are an integral part of this statement.

# Riley County Extension Council
# Manhattan, Kansas

## Notes to the Financial Statement
## For the Year Ended December 31, 2025

### Note 1 – Summary of Significant Accounting Policies

### A. Municipal Financial Reporting Entity

The Riley County Extension Council (the Council) provides services in such areas as agriculture, home economics, youth development, family life, business and economics, and healthy living to all persons in Riley County. The Council is governed by a nine-member executive board elected by the 24 publicly elected members of the Council. Riley County annually provides significant operating subsidies to the Council. Kansas State University (the University) provides the Council non-cash receipts and disbursements related to salaries for operations of the Council. Those non-cash receipts and disbursements are reflected as cash in and cash out for the regulatory basis reporting purposes.

### B. Regulatory Basis Fund Type

The following fund was utilized in recording the financial activities of the Council for 2025.

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

### C. Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, non-cash in-kind salaries from the University for the Council's professional staff, 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 Council has approved a resolution that is in compliance with K.S.A. 75-1120(a)(c), waiving the requirement for application of generally accepted accounting principles and allowing the Council to use the regulatory basis of accounting.

# Riley County Extension Council
# Manhattan, Kansas

## Notes to the Financial Statement
## For the Year Ended December 31, 2025

**Note 2 – Budgetary Information**

K.S.A. 2-610(a)(4) requires that the Council file with the County Commissioners in the office of the County Clerk a proposed budget prepared in cooperation with the Director of Extension of the Kansas State University of Agriculture and Applied Science for the ensuing calendar year.

**Note 3 – Deposits and Investments**

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

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

*Concentration of Credit Risk.* State statutes place no limit on the amount the Council 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 Council's deposits may not be returned to it. State statutes require the Council'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 percent. There were no designated "peak periods" during the year. All bank deposits were legally secured at December 31, 2025.

At December 31, 2025, the Council's carrying amount of deposits was $336,253 and the bank balance was $408,036. The difference between the carrying amount and bank balance was outstanding checks and deposits. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by FDIC insurance, and the remaining was collateralized with securities held by the pledging financial institution's agents in the Council's name.

**Note 4 – Salary Funding**

The University supports the Council by funding a portion of the professional staff salaries, payroll taxes, and benefits. The value of the University's funding for professionals staffing was $71,772 for the year ended December 31, 2025. Professional staff of the Council are on the University's payroll and received University's employee benefits. The Council reimburses the University for salaries, payroll taxes, and benefits not funded by the University. The reimbursement for salaries and employee benefits paid to the University was $342,689 and $68,786 respectively, in 2025.

**Note 5 – Compensated Absences**

Vacation leave is earned at a rate of one day per month throughout the first five years of employment, one and one-half days per month throughout the second five years of employment and one and three-fourths days per month thereafter.

Sick leave is earned at a rate of one day per month. Sick leave is not compensated upon termination of employment or voluntary separation by the employee. Sick leave is payable upon retirement dependent upon minimum years of service requirement being met. Accrued vacation leave and compensation time as of December 31, 2025 was $20,136.

**Note 6 – Defined Benefit Pension Plan**

*Plan Description.* The Council 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 S. Kansas, Suite 100, Topeka, Kansas 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 6 – Defined Benefit Pension Plan (continued)**

State law provides that the employer contribution rates for KPERS 1 and 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 Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the Council were $22,289 for the year ended December 31, 2025.

*Net Pension Liability.* At December 31, 2025, the Council's proportionate share of the collective net pension liability reported by KPERS was $171,584. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The Council's proportion of the net pension liability was based on the ratio of the Council's contributions to KPERS, relative to the total employer and nonemployer 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. The actuarial valuation report for December 31, 2025 is not available at the date of this audit report.

**Note 7 – Risk Management**

The Council continues to carry commercial insurance to limit its exposure to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 8 – Related Party Transactions**

The Council was appropriated $667,380 by Riley County, Kansas for the year ended December 31, 2025. Of this appropriation, $667,380 was received during 2025. This represents approximately 81% of total receipts during 2025.

# Notes to the Financial Statement
# For the Year Ended December 31, 2025

## Note 9 – Evaluation of Subsequent Events

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through April 7, 2026, the date the financial statements were available for issue.

# Regulatory Required Supplementary Information

**Riley County Extension Council**
**Manhattan, Kansas**

**Schedule 1**

## Summary of Expenditures – Actual and Budget
## Regulatory Basis
## For the Year Ended December 31, 2025

| | General Fund |
|---|---|
| Certified Budget | $ 996,545 |
| Adjustments for Qualifying Budget Credits | - |
| Total Budget for Comparison | 996,545 |
| Expenditures Chargeable to Current Year | 793,355 |
| Variance - Over (Under) | $ (203,190) |

See independent auditor's report on regulatory required supplementary information.

**Schedule 2**

# Riley County Extension Council
# Manhattan, Kansas

## Summary of Receipts and Expenditures – Actual and Budget
## Regulatory Basis
## For the Year Ended December 31, 2025

| | Actual | Budget | Variance - Over (Under) |
|---|---|---|---|
| **Receipts** | | | |
| County Tax Appropriation | $ 667,380 | $ 667,380 | $ - |
| Kansas State University Salaries, In-Kind | 71,772 | 74,620 | (2,848) |
| Educational Services Program Fees | 41,912 | - | 41,912 |
| Interest on Idle Funds | - | 4,000 | (4,000) |
| Fairboard | 37,808 | 32,345 | 5,463 |
| Non-Appropriated Funds | - | 150,000 | (150,000) |
| Miscellaneous | 45 | - | 45 |
| **Total Receipts** | 818,917 | $ 928,345 | $ (109,428) |
| **Expenditures** | | | |
| Salaries | 554,855 | $ 614,000 | $ (59,145) |
| Employer's Contribution | 140,480 | 150,000 | (9,520) |
| Travel | 6,191 | 12,500 | (6,309) |
| Printing, Audit, Bonds, and Insurance | 10,665 | 10,000 | 665 |
| Telephone | 5,100 | 6,000 | (900) |
| Supplies, Stationery, and Postage | 6,464 | 8,045 | (1,581) |
| Subsistence | 2,404 | 5,000 | (2,596) |
| Equipment | 13,929 | 25,000 | (11,071) |
| Education Program Support | 41,278 | 16,000 | 25,278 |
| Non-Appropriated Funds | - | 150,000 | (150,000) |
| Miscellaneous | 11,989 | - | 11,989 |
| **Total Expenditures** | 793,355 | $ 996,545 | $ (203,190) |
| **Receipts Over (Under) Expenditures** | 25,562 | | |
| **Unencumbered Cash - Beginning of Year** | 310,791 | | |
| **Unencumbered Cash - End of Year** | $ 336,353 | | |

See independent auditor's report on regulatory required supplementary information.