MARSHALL COUNTY DISTRICT COOPERATIVE
EXTENSION BOARD

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2016
MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD

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INTRODUCTORY SECTION
MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD
BOARD AND ADMINISTRATIVE STAFF
FOR THE YEAR ENDED JUNE 30, 2016

Board Members

Gary Clark          Chairman
Dennis Joseph       Vice-Chairman
Doll Blakney        Secretary
Paula Bell          Treasurer
Janice Bragg        Member
Dianna Angle        Member
Kevin Neal          County Judge Executive

Administrative Staff

Nikki Bell          ANR Agent
Lena Mallory        4-H Agent
Vicki Wynn          FCS Agent
Courtney Taylor     4-H Assistant
Chris Curts         Staff Assistant
Linda Edwards       Staff Assistant
FINANCIAL SECTION
INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees
Marshall County District Cooperative Extension Board
Benton, KY

We have audited the accompanying modified cash basis financial statements of the governmental activities, and each major fund of the Marshall County District Cooperative Extension Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, and each major fund, of the Marshall County District Cooperative Extension Board, as of June 30, 2016, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.
Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshall County District Cooperative Extension Board's basic financial statements. The management's discussion and analysis and budgetary comparison information on page 15, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Murray, KY
November 30, 2016
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

The Marshall County District Cooperative Extension Board's management presents to the readers of its financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2016.

Financial Highlights

The assets of the Marshall County District Cooperative Extension Board exceeded liabilities at the close of the current fiscal year by $1,307,028 (Net Assets). Of this amount, $708,980 (Unrestricted) may be used to meet ongoing obligations.

Net Assets increased by $53,294.

The general fund revenues are reported as $435,168 while the expenditures are reported at $362,589. The general fund net change in cash balance was $82,579.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Marshall County District Cooperative Extension Board's basic financial statements: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government Wide Financial Statements

The government wide financial statements are designed to provide the reader with a broad overview of the Marshall County District Cooperative Extension Board’s financial position. These financial statements consist of the statement of net assets – cash basis, and the statement of activities – cash basis.

The statement of net assets – cash basis presents information on all of the Marshall County District
Cooperative Extension Board’s assets, and net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The statement of activities – cash basis presents information on how net assets changed during the current fiscal year.

**Fund Financial Statements**

Government funds are used to account for essentially the same activities reported as governmental activities in the government wide financial statements. However, the fund financial statements report capital asset additions as expenditures of the fund, rather than reporting them as depreciable assets.

**Notes to the Financial Statements**

The notes to the financial statements provide information that is essential to a full understanding of the information provided in the government wide and fund financial statements.

**Request for Information**

Questions concerning any of the information provided in this report, or any request for additional information should be addressed to the Treasurer by writing to:

   Marshall County District Cooperative Extension Board  
   1933 Mayfield Highway  
   Benton, KY 42025

Respectfully submitted,

Paula Bell, Treasurer

MS. Paula Bell
Treasurer
MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD
STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets:</td>
<td>$ 708,980</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>708,980</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>708,980</td>
</tr>
<tr>
<td>Non Current Assets:</td>
<td></td>
</tr>
<tr>
<td>Capital Assets, net of depreciation</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$115,483</td>
</tr>
<tr>
<td>Land improvements</td>
<td>7,632</td>
</tr>
<tr>
<td>Buildings</td>
<td>453,967</td>
</tr>
<tr>
<td>Vehicles</td>
<td>-</td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>20,966</td>
</tr>
<tr>
<td>Total Non Current Assets</td>
<td>598,048</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,307,028</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets, net of accumulated depreciation</td>
<td>598,048</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$708,980</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$1,307,028</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements*
MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 216

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Expenses</th>
<th>Operating Grants and Contributions</th>
<th>Net Revenues (Expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension Programs</td>
<td>$ 381,874</td>
<td>$ -</td>
<td>($381,874)</td>
</tr>
<tr>
<td>Total Primary Government</td>
<td>$ 381,874</td>
<td>$ -</td>
<td>($381,874)</td>
</tr>
</tbody>
</table>

**General Revenues**

**Taxes:**
- Property: 366,407
- Franchise: 14,797
- Motor vehicle: 36,224
- Delinquent: 2,621
- Telecommunications: 3,055
- Miscellaneous Revenues: 7,907
- Interest Received: 4,157

**Total General Revenues:** 435,168

**Change in Net Assets:** 53,294

**Net Assets - Beginning:** 1,253,734

**Net Assets - Ending:** $1,307,028

The accompanying notes are an integral part of these financial statements.
MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS
JUNE 30, 2016

Governmental Activities

ASSETS
Cash and cash equivalents $ 708,980
Total Assets 708,980

FUND BALANCES
Unassigned 708,980
Total Net Assets $ 708,980

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

Total Governmental Fund Balance $ 708,980
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 1,155,516
Accumulated depreciation (557,468)

Net Assets of Governmental Activities $ 1,307,028

The accompanying notes are an integral part of these financial statements
MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGE IN CASH BALANCE - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES
Taxes:
  Property $ 366,407
  Franchise 14,797
  Motor Vehicle 36,224
  Delinquent 2,621
  Telecommunications 3,055 $ 423,104
Other:
  Miscellaneous 7,907
  Interest earned 4,157 12,064
Total Revenues 435,168

EXPENDITURES
Payments to the University of Kentucky 214,254
Marketing and special programs 3,665
Travel 16,239
Professional training 7,082
Supplies and services 15,406
Utilities 11,111
Telephone 2,553
Dues and subscriptions 126
Contracted services 7,886
Advertising 48
Facilities maintenance 5,071
Internet 9,640
Vehicle expense 941
Supplies 2,129
Board expenses 960
Repair & maintenance 20,253
Small equipment 1,529
Insurance 12,847
Janitorial supplies 1,726
Agent program support 13,090
Capital outlays 2,773
Miscellaneous 3,260 352,589

Net Change in Cash Balance 82,579
Cash Balance - Beginning 626,401
Cash Balance - Ending $ 708,980

The accompanying notes are an integral part of these financial statements
MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGE IN CASH BALANCE TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

Reconciliation to the Statement of Activities

Net Change in Cash Balances - Governmental Funds $ 82,579

Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those assets
is allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlays exceeded depreciation
in the current period:
   Capital outlays 2,773
   Depreciation Expense (32,058)

Change in Net Assets of Governmental Activities $ 53,294

The accompanying notes are an integral part of these financial statements
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Marshall County District Cooperative Extension Board is a level of government, which provides, in cooperation with the University of Kentucky College of Agriculture, residential educational information, instruction and cooperative services. The District receives funding primarily from local property taxes. The District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards because board members have decision making authority, power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

B. Basis of Presentation, Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created one primary type of fund. This fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures/expenses. The individual fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Governmental Fund Types
These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund:
This fund is established to account for resources devoted to financing the primary operations that the District performs. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

C. Basis of Accounting and Measurement Focus

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded. The District presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

The State Local Finance Officer does not require the District to report capital assets and
infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**Government-Wide Financial Statements**
The Statement of Net Assets and the Statement of Activities report information on all funds of the primary government except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fee and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

**Fund Financial Statements**
Funds are characterized as major or nonmajor. The District only has one fund which is presented as a major fund. Fund financial statements report detailed information about the district. The focus of the governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

**D. Use of Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from the estimates.

**E. Property Taxes**
The District’s property taxes are levied on September 15 of each year based on the assessed value as of January 1 for all real and personal property located in Marshall County, Kentucky. Ad valorem taxes are levied on vehicle owners as of January 1. The tax rate levied for the District on real property, personal property, and motor vehicles were 1.80, 1.89, and 1.30 cents per $100 of assessed value, respectively.

**F. Capital Assets**
Capital assets, which include land, buildings and structures, land improvements, furniture and equipment, and automobiles, are reported in the government-wide statement of net assets. Capital assets are defined as assets with an initial cost of more than $200 and an estimated useful life of greater than one year. All capital assets are recorded at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at the fair market value as of the date of donation. The District does not possess any infrastructure.

Capital outlays are recorded as expenditures in the District’s governmental fund financial statement. Capital outlays are capitalized in the District’s government-wide statement of net assets. Depreciation on the District’s capital assets is recorded on a government-wide fund basis.
Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>35</td>
</tr>
<tr>
<td>Land improvements</td>
<td>15</td>
</tr>
<tr>
<td>Vehicles</td>
<td>7</td>
</tr>
<tr>
<td>Equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

G. Equity Classification

Government-wide Statements:

Equity is classified as net assets and is displayed in three components -

Net investment in capital assets: This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net assets consists of assets subject to external constraints on their use imposed by creditors, laws or regulations of other governments. This component would also include constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net assets consists of assets that do not meet the definition of "restricted" or "net investment in capital assets". Generally, these net assets represent those financial resources that are available to the Board to meet any future obligations that might arise.

Fund Statements:

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund classification includes amounts that cannot be spent because they are either (1) not in spendable form – prepaid items or inventories; or (2) legally or contractually required to be maintained intact. At June 30, 2016, none of the Board’s fund balances were classified as nonspendable.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.
Restricted fund balance: This classification reflects the constraints imposed on resources either
- externally by creditors, granters, contributors, or laws or regulations of other governments, or
- imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by the Board. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same kind of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories.

When restricted and unrestricted resources are available for use, it is the Board’s policy to use restricted resources first, then committed and assigned, then unrestricted and unassigned resources as they are needed.

NOTE 2 – BUDGETS AND BUDGETARY PROCESS

The Board adopts an annual operating budget, which can be amended by the Board throughout the year. Formal budgetary accounting is employed as a management control for all funds of the board; however, legal budgets are adopted only for the General Fund. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the cash basis of accounting. For this reason, there is no common basis for preparing a reconciliation between budgeted and actual amounts.

All budget amendments were approved by the Board and added to the original budgeted amount. All appropriations lapse at year-end.

NOTE 3 – DEPOSITS

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the statement of net assets as "cash and cash equivalents", "certificates of deposit", and "restricted assets".

The Board's investment policy requires that funds held directly by the Board be invested in obligations of the United States government or United States government agencies, or certificates of deposit or similar instruments of banks or savings and loan institutions.
A summary of the Board’s deposits is, as follows:

<table>
<thead>
<tr>
<th></th>
<th>Carrying Amount</th>
<th>Bank Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$408,980</td>
<td>$409,156</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$708,980</td>
<td>$709,156</td>
</tr>
<tr>
<td>Insured (FDIC)</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Uninsured: Collateral held by pledging bank in Board’s name</td>
<td>$458,980</td>
<td>$459,156</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$708,980</td>
<td>$709,156</td>
</tr>
</tbody>
</table>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Board’s deposits may not be returned. The Board does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2016, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

NOTE 4 – INSURANCE AND RELATED ACTIVITIES

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; and natural disasters. The Board carries commercial insurance for these risks of loss. Settlements of claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four years.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Board’s board members are appointed pursuant to KRS 212.786. The local board has jurisdiction over the activities of the Board. Employee salaries are requisitioned from and approved by the University of Kentucky. The Board reimburses the University of Kentucky for the use of some of the University of Kentucky’s employees.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Board has possible contingent liabilities resulting from litigation and claims incident to the ordinary course of business. Management and counsel believe that the probable solution of such contingencies will not materially affect the financial position or results of operations of the Board.
NOTE 7 – CAPITAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$115,483</td>
<td>$</td>
<td>$</td>
<td>$115,483</td>
</tr>
<tr>
<td>Land improvements</td>
<td>14,311</td>
<td></td>
<td></td>
<td>14,311</td>
</tr>
<tr>
<td>Buildings</td>
<td>814,304</td>
<td></td>
<td></td>
<td>814,304</td>
</tr>
<tr>
<td>Vehicles</td>
<td>19,900</td>
<td></td>
<td></td>
<td>19,900</td>
</tr>
<tr>
<td>Equipment &amp; furniture</td>
<td>188,745</td>
<td>2,773</td>
<td></td>
<td>191,518</td>
</tr>
<tr>
<td>Totals at historical cost</td>
<td>1,152,743</td>
<td>2,773</td>
<td></td>
<td>1,155,516</td>
</tr>
<tr>
<td>Less accumulated depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land improvements</td>
<td>(6,725)</td>
<td>(954)</td>
<td></td>
<td>(6,679)</td>
</tr>
<tr>
<td>Buildings</td>
<td>(335,669)</td>
<td>(24,668)</td>
<td></td>
<td>(350,337)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>(19,900)</td>
<td></td>
<td></td>
<td>(19,900)</td>
</tr>
<tr>
<td>Equipment &amp; furniture</td>
<td>(164,116)</td>
<td>(6,436)</td>
<td></td>
<td>(170,552)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td></td>
<td>(525,410)</td>
<td>(32,058)</td>
<td>(557,468)</td>
</tr>
<tr>
<td>Governmental activities capital assets, net</td>
<td>$627,333</td>
<td>$ (29,285)</td>
<td>$-0-</td>
<td>$596,048</td>
</tr>
</tbody>
</table>

NOTE 8 – SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 30, 2016, the date the financial statements were available to be issued.
REQUIRED SUPPLEMENTARY INFORMATION
### MARSHALL COUNTY DISTRICT COOPERATIVE EXTENSION BOARD
### STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGE IN CASH BALANCE - BUDGET AND ACTUAL - GENERAL FUND
### FOR THE YEAR ENDED JUNE 30, 2016

#### REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$347,481</td>
<td>$366,407</td>
<td>$18,926</td>
</tr>
<tr>
<td>Franchise</td>
<td>3,500</td>
<td>14,797</td>
<td>11,297</td>
</tr>
<tr>
<td>Motor Vehicle</td>
<td>32,906</td>
<td>36,224</td>
<td>3,318</td>
</tr>
<tr>
<td>Delinquent</td>
<td>0</td>
<td>2,621</td>
<td>2,621</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>0</td>
<td>3,055</td>
<td>3,055</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4,886</td>
<td>7,907</td>
<td>3,021</td>
</tr>
<tr>
<td>Interest earned</td>
<td>3,250</td>
<td>4,157</td>
<td>907</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>392,023</td>
<td>435,168</td>
<td>43,145</td>
</tr>
</tbody>
</table>

#### EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to the University of Kentucky</td>
<td>223,183</td>
<td>214,254</td>
<td>8,929</td>
</tr>
<tr>
<td>Marketing and special programs</td>
<td>5,000</td>
<td>3,665</td>
<td>1,335</td>
</tr>
<tr>
<td>Travel</td>
<td>32,500</td>
<td>16,239</td>
<td>16,261</td>
</tr>
<tr>
<td>Professional training</td>
<td>10,500</td>
<td>7,082</td>
<td>3,418</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>15,000</td>
<td>15,406</td>
<td>(406)</td>
</tr>
<tr>
<td>Utilities</td>
<td>15,000</td>
<td>11,111</td>
<td>3,889</td>
</tr>
<tr>
<td>Telephone</td>
<td>4,560</td>
<td>2,553</td>
<td>2,007</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>500</td>
<td>126</td>
<td>374</td>
</tr>
<tr>
<td>Contracted services</td>
<td>10,500</td>
<td>7,886</td>
<td>2,614</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>48</td>
<td>(48)</td>
</tr>
<tr>
<td>Facilities maintenance</td>
<td>16,000</td>
<td>5,071</td>
<td>10,929</td>
</tr>
<tr>
<td>Internet</td>
<td>10,550</td>
<td>9,640</td>
<td>910</td>
</tr>
<tr>
<td>Vehicle expense</td>
<td>9,000</td>
<td>941</td>
<td>8,059</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,500</td>
<td>2,129</td>
<td>2,371</td>
</tr>
<tr>
<td>Board expenses</td>
<td>1,500</td>
<td>960</td>
<td>540</td>
</tr>
<tr>
<td>Repair &amp; maintenance</td>
<td>10,000</td>
<td>20,253</td>
<td>(10,253)</td>
</tr>
<tr>
<td>Small equipment</td>
<td></td>
<td>1,529</td>
<td>(1,529)</td>
</tr>
<tr>
<td>Insurance</td>
<td>12,500</td>
<td>12,847</td>
<td>(347)</td>
</tr>
<tr>
<td>Janitorial supplies</td>
<td>3,000</td>
<td>1,726</td>
<td>1,274</td>
</tr>
<tr>
<td>Agent program support</td>
<td>17,500</td>
<td>13,090</td>
<td>4,410</td>
</tr>
<tr>
<td>Capital outlays</td>
<td>5,000</td>
<td>2,773</td>
<td>2,227</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11,500</td>
<td>3,260</td>
<td>8,240</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>417,793</td>
<td>352,589</td>
<td>65,204</td>
</tr>
</tbody>
</table>

#### Excess of Revenues Over (Under) Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of Revenues Over (Under) Expenditure</td>
<td>-25,770</td>
<td>82,579</td>
<td>108,349</td>
</tr>
</tbody>
</table>

#### Fund Balance - Beginning of year

<table>
<thead>
<tr>
<th>Description</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance - Beginning of year</td>
<td>626,401</td>
<td>626,401</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Fund Balance - Ending of year

<table>
<thead>
<tr>
<th>Description</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance - Ending of year</td>
<td>$600,631</td>
<td>$708,980</td>
<td>$108,349</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements*
INTERNAL CONTROL AND COMPLIANCE SECTION
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Benton, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund, of the Marshall County District Cooperative Extension Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Marshall County District Cooperative Extension Board’s basic financial statements and have issued our report thereon dated November 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marshall County District Cooperative Extension Board’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshall County District Cooperative Extension Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Marshall County District Cooperative Extension Board’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

2016-01 Financial Reporting

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshall County District Cooperative Extension Board’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.
Marshall County District Cooperative Extension Board’s Response to Findings

Marshall County District Cooperative Extension Board’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Marshall County District Cooperative Extension Board’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

[Signature]

Murray, KY
November 30, 2016
INTERNAL CONTROL – MATERIAL WEAKNESS:

2016-01 Financial Reporting

Marshall County District Cooperative Extension Board’s accounting department does not have a system of internal control over financial reporting that would allow it to prevent, detect, and correct a significant misstatement in its financial statements, including footnote disclosure. We recommend that the Organization consider the employment of a highly trained accounting professional, such as a CPA, or consider engaging a second CPA firm to prepare its financial statements prior to being audited.

Response – Management is financially unable to support a new employee. Management is aware of the risk, and is willing to assume it.