

BLUE VALLEY RECREATION COMMISSION

Overland Park, Kansas

Financial Statements

For the Year Ended June 30, 2018

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BLUE VALLEY RECREATION COMMISSION
Overland Park, Kansas
Financial Statements
For the Year Ended June 30, 2017

Table of Contents

	<u>Page Number</u>
Independent Auditor's Report on the Basic Financial Statements	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet - Governmental Funds	11
Reconciliation of Total Governmental Fund Balance Sheet to Net Position of Governmental Activities	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances with the Commission-Wide Statement of Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)	
General Fund	15
Employee Benefits Fund	16
Statement of Assets and Liabilities - Agency Fund	17
Notes to the Financial Statements	18 - 27

INDEPENDENT AUDITOR'S REPORT

Blue Valley Recreation Commission
Overland Park, Kansas

We have audited the accompanying financial statements of the governmental activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of Blue Valley Recreation Commission (the Commission), a component unit of Blue Valley Unified School District No. 229, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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 accounting principles generally accepted in the United States of America; this includes 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 and the "Kansas Municipal Accounting and Audit Guide." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blue Valley Recreation Commission, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
October 2, 2018

BLUE VALLEY RECREATION COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

This section of the Blue Valley Recreation Commission's annual financial statements presents its discussion and analysis of the Commission's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the Commission's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Commission exceeded its liabilities by \$23.8 million. Of this amount, \$6.7 million may be used to meet the Commission's ongoing obligations to creditors.
- The Commission's total net position increased by \$2.5 million.
- As of the close of the current fiscal year, the Blue Valley Recreation Commission's Governmental Funds reported combined ending fund balances of \$7,475,615, an increase of \$510,790 in comparison with the prior year. Of this total amount, \$5,689,269, is available for spending at the Commission's discretion (unassigned fund balance).
- The Blue Valley Recreation Commission's total debt decreased by \$1.8 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and supplementary information. These statements are organized so the reader can understand the Commission as a whole. The basic financial statements include two kinds of statements that present different views of the Commission. The first of the two kinds of statements are the Commission-wide financial statements, and the second kind of financial statements are the fund financial statements.

Commission-Wide Financial Statements

The Commission-wide financial statements include all assets and liabilities of the Blue Valley Recreation Commission using the accrual basis of accounting. This method of accounting is similar to how private sector companies report the results of their operations. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The first of the Commission-wide statements is the *Statement of Net Position*. The *Statement of Net Position* presents balance information for the entire recreation commission operations at a given point in time (June 30, 2018). The assets include all cash and investments, receivables including taxes assessed that remain uncollected, and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings not yet paid, accrued interest payable, deferred revenue and outstanding long-term debt in the form of Certificates of Participation. This results in a statement that encompasses the entire operation of the Blue Valley Recreation Commission.

Although the *Statement of Net Position* reports total net position of \$23,796,248, the Commission has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the Commission.

BLUE VALLEY RECREATION COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The second of the Commission-wide financial statements is the *Statement of Activities*. This statement shows the results of operations that caused the net position to change from the prior year to the amount reported on the *Statement of Net Position* as of June 30, 2018. This statement answers the question, "How did we do financially during fiscal year 2018?" This change in net position is important because it tells the reader that, for the recreation commission as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors. Most notably, the results are influenced by:

- The property tax base,
- Number of patrons served,
- Staffing levels, and
- Changes in debt levels

The *Statement of Activities* classifies expenses by functional area. The report also shows corresponding charges for services for each function that helps support the expenses. The resulting *Net [Expenses] Revenue and Changes in Net Position* shows the remaining expenses not supported by charges for services. General revenues are then applied to the remaining expenses resulting in the total change in net position for the year.

Fund Financial Statements

Financial reports by fund follow the Commission-wide statements. The only major fund, the General Fund, is listed separately with all smaller funds aggregated in the column labeled "Other Governmental Funds." As shown on the reconciliations on pages 12 and 14, the fund statements differ from the Commission-wide statements (*Statement of Net Position and Statement of Activities*) by excluding the following:

- Cost of capital assets less accumulated depreciation, and
- Long-term liabilities.

These reports provide more detail about the recreation commission according to the various funds established under Kansas law.

The Commission has two kinds of funds: governmental and fiduciary funds.

Governmental Funds

Most of the Commission's activities are reported in the governmental funds, which focus on 1) how cash and other financial assets, that can be readily converted to cash, flow in and out and 2) the balances left at year end that are available for spending. The statements show revenue, expenditures and fund balances for each listed fund.

The fund classifications provide additional information about the entity. Personnel, contractual obligations, commodities, capital outlay and debt service comprise the bulk of the expenditures.

Fiduciary Funds

The Commission's fiduciary fund is an agency fund. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The agency fund is the gift fund, which accounts for gifts from outside donors. The Commission accounts for these funds with organization approval of all expenditures. The Commission had minimal agency fund balances at fiscal year-end.

BLUE VALLEY RECREATION COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

The Commission's net position was more on June 30, 2018, than they were the year before, increasing by \$2.5 million to \$23.8 million. The following are the major components of the Commission's net position.

Condensed Statement of Net Position

Statement Classifications	<u>Balance As Of</u> <u>June 30, 2018</u>	<u>Balance As Of</u> <u>June 30, 2017</u>
Current Assets	\$ 8,465,351	\$ 7,877,995
Net Capital Assets	<u>44,305,670</u>	<u>44,168,394</u>
Total Assets	<u>\$ 52,771,021</u>	<u>\$ 52,046,389</u>
Current Liabilities	\$ 3,238,537	\$ 3,125,149
Non-current Liabilities	<u>25,736,236</u>	<u>27,576,082</u>
Total liabilities	<u>\$ 28,974,773</u>	<u>\$ 30,701,231</u>
Net Position		
Net investment in capital assets	\$ 17,071,239	\$ 15,159,752
Unrestricted	<u>6,725,009</u>	<u>6,185,406</u>
Total Net Position	<u>\$ 23,796,248</u>	<u>\$ 21,345,158</u>

This includes an increase in assets of \$.7 million and a decrease in outstanding liabilities of \$1.7 million. Net position includes \$17.1 million invested in capital assets and \$6.7 million unrestricted.

The total costs of all programs and services amounted to \$11.4 million. The following table shows the breakdown of total costs by functional area:

<u>Expense Function</u>	<u>Percentage</u> <u>of Total</u>
Culture and Recreation	91%
Interest on Long-term Debt	9%

BLUE VALLEY RECREATION COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Total revenues exceeded expenses, increasing net position by \$2.5 million over last year.

Changes in Net Position From Operating Results

	Totals For The Year Ended <u>June 30, 2018</u>	Totals For The Year Ended <u>June 30, 2017</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 6,363,553	\$ 5,405,102
General Revenues		
Property Taxes	7,332,396	6,977,211
Investment Earning	40,859	31,693
Miscellaneous	<u>108,544</u>	<u>56,978</u>
Total Revenues	<u>13,845,352</u>	<u>12,470,984</u>
<u>Expenses</u>		
Culture and Recreation	10,394,780	10,621,668
Interest on Long-term Debt	<u>999,482</u>	<u>1,045,523</u>
Total Expenses	<u>11,394,262</u>	<u>11,667,191</u>
 Increase [Decrease] in Net Position	 <u>\$ 2,451,090</u>	 <u>\$ 803,793</u>

The table above details the Commission's changes in net position for the year. The Commission's total revenues amounted to \$13.8 million. Charges for services and property taxes account for most of the Commission's revenue, with charges for services contributing 46% and property taxes contributing 53%. Another 1% came from other local sources and investment earnings.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds reported combined fund balances of \$7.5 million; a \$.5 million increase from last year's ending fund balance of \$7 million. Revenues of \$13.8 million exceeded expenditures of \$13.3 million accounting for an increase in fund balance.

Kansas State law requires the use of various funds. The primary funds used by the Commission are the General, Capital Project and Employee Benefits Funds. The major categories of revenues and expenditures for the General Fund are provided in the following table to simplify the budget analysis.

Analysis of Budget Variations

The following table summarizes the General Fund budget variances in revenues (in millions of dollars):

	Original/Final <u>Budget</u>	Actual <u>Revenues</u>	Over/[Under] <u>Final Budget</u>
<u>Revenue</u>			
Taxes	\$ 6,620,667	\$ 5,854,045	\$ [766,622]
Charges for Services	5,999,954	6,435,989	436,035
Investment Income	21,000	38,351	17,351
Other Local Sources	<u>250,000</u>	<u>108,544</u>	<u>[141,456]</u>
Total Revenues	<u>\$ 12,891,621</u>	<u>\$ 12,436,929</u>	<u>\$ [454,692]</u>

BLUE VALLEY RECREATION COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The following table summarizes the General Fund budget variances in expenditures:

<u>Expenditures</u>	Original/Final <u>Budget</u>	Actual <u>Expenditures</u>	[Over]/Under <u>Final Budget</u>
Personnel	\$ 5,410,844	\$ 5,004,024	\$ 406,820
Contractual	2,083,136	2,178,360	[95,224]
Commodities	1,551,124	1,035,650	515,474
Capital Outlay	2,046,259	1,301,254	745,005
Principal Payment	1,680,000	1,680,000	-
Interest on Long-term Debt	1,011,875	1,011,536	339
Total Expenditures	<u>\$ 13,783,238</u>	<u>\$ 12,210,824</u>	<u>\$ 1,572,414</u>

The final budget was not amended from the original budget.

Capital Asset and Debt Administration

Capital Assets

By the end of 2018, the Commission had invested \$44.3 million in a broad range of capital assets, including athletic facilities, maintenance equipment, field equipment, concessions equipment, vehicles, computer equipment and administrative offices. This amount represents a net increase of \$.1 million from last year. Total depreciation expense for the year was \$1.2 million.

Long-Term Debt

As of June 30, 2018, the Commission has \$27.6 million of outstanding debt. Outstanding debt decreased \$1.8 million from last year as a result continued pay off of debt principal.

More information regarding the Commission's capital assets and long-term debt can be found in the notes to the financial statements.

BLUE VALLEY RECREATION COMMISSION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Contacting the Commission's Financial Management

This financial report is designed to provide the Commission's taxpayers, customers, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance and Administration Department, Blue Valley Recreation Commission, 6545 W. 151st Street, Overland Park, Kansas 66223.

BLUE VALLEY RECREATION COMMISSION

STATEMENT OF NET POSITION

June 30, 2018

	Total Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 8,463,454
Accounts receivable	<u>1,897</u>
Total current assets	<u>8,465,351</u>
Noncurrent assets:	
Capital assets	57,416,878
Less: Accumulated depreciation	<u>[13,111,208]</u>
Total noncurrent assets	<u>44,305,670</u>
Total assets	<u>\$ 52,771,021</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 2,263
Accrued compensation, payroll withholdings and taxes	286,291
Accrued interest payable	242,625
Unearned revenue	867,512
Long-term liabilities	
Due within one year	<u>1,839,846</u>
Total current liabilities	<u>3,238,537</u>
Noncurrent liabilities:	
Long-term liabilities	
Due in more than one year	<u>25,736,236</u>
Total noncurrent liabilities	<u>25,736,236</u>
Total liabilities	<u>\$ 28,974,773</u>
Net Position	
Net investment in capital assets	\$ 17,071,239
Unrestricted	<u>6,725,009</u>
Total net position	<u>\$ 23,796,248</u>

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

BLUE VALLEY RECREATION COMMISSION

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues	Net [Expenses] Revenue and Changes in Net Position
	Expenses	Charges for Services	Total Governmental Activities
Governmental activities:			
Culture and recreation	\$ 10,394,780	\$ 6,363,553	\$ [4,031,227]
Interest and charges on long-term debt	<u>999,482</u>	<u>-</u>	<u>[999,482]</u>
Total recreation commission	<u>\$ 11,394,262</u>	<u>\$ 6,363,553</u>	<u>[5,030,709]</u>

General Revenues:

Property taxes levied for	
General purposes	7,332,396
Investments earnings	40,859
Miscellaneous	<u>108,544</u>
Subtotal general revenues	<u>7,481,799</u>
Change in net position	2,451,090
Net position - beginning	<u>21,345,158</u>
Net position - ending	<u>\$ 23,796,248</u>

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

BLUE VALLEY RECREATION COMMISSION

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Capital Project	Employee Benefits	Total Governmental Funds
ASSETS				
Cash and investments	\$ 7,195,096	\$ 341,651	\$ 926,707	\$ 8,463,454
Accounts receivable	<u>1,897</u>	<u>-</u>	<u>-</u>	<u>1,897</u>
Total assets	<u>\$ 7,196,993</u>	<u>\$ 341,651</u>	<u>\$ 926,707</u>	<u>\$ 8,465,351</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,263	\$ -	\$ -	\$ 2,263
Accrued liabilities	115,022	-	-	115,022
Other payables	4,939	-	-	4,939
Unearned revenues	<u>867,512</u>	<u>-</u>	<u>-</u>	<u>867,512</u>
Total liabilities and deferred inflows of resources	<u>989,736</u>	<u>-</u>	<u>-</u>	<u>989,736</u>
Fund balance:				
Restricted	-	341,651	926,707	1,268,358
Assigned	517,988	-	-	517,988
Unassigned	<u>5,689,269</u>	<u>-</u>	<u>-</u>	<u>5,689,269</u>
Total fund balances	<u>6,207,257</u>	<u>341,651</u>	<u>926,707</u>	<u>7,475,615</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 7,196,993</u>	<u>\$ 341,651</u>	<u>\$ 926,707</u>	<u>\$ 8,465,351</u>

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

BLUE VALLEY RECREATION COMMISSION

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE SHEET TO
NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2018

Total Governmental Fund Balances		\$ 7,475,615
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Amounts reported for governmental activities in the
statement of net position are different because

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

The cost of capital assets is	57,416,878	
Accumulated depreciation is	<u>13,111,208</u>	44,305,670

Long-term liabilities, including bonds payable, are not due
and payable in the current period and therefore are not reported
as liabilities in the funds. Long term liabilities at year end consist of:

Bonds payable	27,576,082	
Accrued compensation	166,330	
Accrued interest on the bonds	<u>242,625</u>	<u>[27,985,037]</u>

Net Position of Governmental Activities		<u>\$ 23,796,248</u>
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The notes to the financial statements are an integral part of this statement.

BLUE VALLEY RECREATION COMMISSION

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General	Capital Project	Employee Benefits	Total Governmental Funds
REVENUES:				
Taxes	\$ 5,854,045	\$ -	\$ 1,478,351	\$ 7,332,396
Charges for services	6,363,553	-	-	6,363,553
Investment revenue	38,351	2,508	-	40,859
Other local sources	108,544	-	-	108,544
Total revenues	12,364,493	2,508	1,478,351	13,845,352
EXPENDITURES:				
Culture and recreation				
Personnel	5,009,792	-	1,213,152	6,222,944
Contractual	2,135,671	-	-	2,135,671
Commodities	1,027,910	-	-	1,027,910
Capital outlay	1,256,162	-	-	1,256,162
Debt service				
Principal payment	1,680,000	-	-	1,680,000
Interest expense	1,011,536	339	-	1,011,875
Total expenditures	12,121,071	339	1,213,152	13,334,562
Excess [deficiency] of revenues over [under] expenditures	243,422	2,169	265,199	510,790
OTHER FINANCING SOURCES [USES]				
Transfers in	7,815	-	-	7,815
Transfers [out]	-	[7,815]	-	[7,815]
Total other financing sources [uses]	7,815	[7,815]	-	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	251,237	[5,646]	265,199	510,790
Fund balance - Beginning of year	5,956,020	347,297	661,508	6,964,825
Fund balance - End of year	\$ 6,207,257	\$ 341,651	\$ 926,707	\$ 7,475,615

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

BLUE VALLEY RECREATION COMMISSION

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE COMMISSION-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Total Net Change In Fund Balances - Governmental Funds	\$	510,790
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Amounts reported for governmental activities in the statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	1,364,167	
Depreciation expense	<u>[1,226,891]</u>	137,276

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased.

12,393

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. Compensated absences used were more than the amounts earned by \$10,785.

10,785

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

1,779,846

Changes In Net Position of Governmental Activities

\$ 2,451,090

BLUE VALLEY RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND
For the Year Ended June 30, 2018

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 5,854,045	\$ -	\$ 5,854,045	\$ 6,620,667	\$ 6,620,667	\$ [766,622]
Charges for services	6,363,553	72,436	6,435,989	5,999,954	5,999,954	436,035
Investment revenue	38,351	-	38,351	21,000	21,000	17,351
Other local sources	108,544	-	108,544	250,000	250,000	[141,456]
Total revenues	<u>12,364,493</u>	<u>72,436</u>	<u>12,436,929</u>	<u>12,891,621</u>	<u>12,891,621</u>	<u>[454,692]</u>
EXPENDITURES:						
Culture and recreation						
Personnel	5,009,792	[5,768]	5,004,024	5,410,844	5,410,844	406,820
Contractual	2,135,671	42,689	2,178,360	2,083,136	2,083,136	[95,224]
Commodities	1,027,910	7,740	1,035,650	1,551,124	1,551,124	515,474
Capital outlay	1,256,162	45,092	1,301,254	2,046,259	2,046,259	745,005
Debt service						
Principal payment	1,680,000	-	1,680,000	1,680,000	1,680,000	-
Interest expense	1,011,536	-	1,011,536	1,011,875	1,011,875	339
Total expenditures	<u>12,121,071</u>	<u>89,753</u>	<u>12,210,824</u>	<u>13,783,238</u>	<u>13,783,238</u>	<u>1,572,414</u>
Excess [deficiency] of revenues over [under] expenditures	<u>243,422</u>	<u>[17,317]</u>	<u>226,105</u>	<u>[891,617]</u>	<u>[891,617]</u>	<u>1,117,722</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>7,815</u>	<u>-</u>	<u>7,815</u>	<u>-</u>	<u>-</u>	<u>7,815</u>
To the other financing sources [uses]	<u>7,815</u>	<u>-</u>	<u>7,815</u>	<u>-</u>	<u>-</u>	<u>7,815</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>251,237</u>	<u>[17,317]</u>	<u>233,920</u>	<u>\$ [891,617]</u>	<u>\$ [891,617]</u>	<u>\$ 1,125,537</u>
FUND BALANCE - Beginning of year	<u>5,956,020</u>	<u>481,863</u>	<u>6,437,883</u>			
FUND BALANCE - End of year	<u>\$ 6,207,257</u>	<u>\$ 464,546</u>	<u>\$ 6,671,803</u>			

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

BLUE VALLEY RECREATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
EMPLOYEE BENEFITS FUND
For the Year Ended June 30, 2018

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 1,478,351	\$ -	\$ 1,478,351	\$ 1,429,946	\$ 1,429,946	\$ 48,405
Total revenues	<u>1,478,351</u>	<u>-</u>	<u>1,478,351</u>	<u>1,429,946</u>	<u>1,429,946</u>	<u>48,405</u>
EXPENDITURES:						
Culture and recreation						
Personnel	<u>1,213,152</u>	<u>-</u>	<u>1,213,152</u>	<u>1,423,686</u>	<u>1,423,686</u>	<u>210,534</u>
Total expenditures	<u>1,213,152</u>	<u>-</u>	<u>1,213,152</u>	<u>1,423,686</u>	<u>1,423,686</u>	<u>210,534</u>
Excess [deficiency] of revenues over [under] expenditures	265,199	-	265,199	<u>\$ 6,260</u>	<u>\$ 6,260</u>	<u>\$ 258,939</u>
FUND BALANCE - Beginning of year	<u>661,508</u>	<u>-</u>	<u>661,508</u>			
FUND BALANCE - End of year	<u>\$ 926,707</u>	<u>\$ -</u>	<u>\$ 926,707</u>			

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

BLUE VALLEY RECREATION COMMISSION
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2018

ASSETS:

Cash and investments	<u>\$ 68,778</u>
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Total assets	<u>\$ 68,778</u>
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LIABILITIES:

Liabilities:

Due to others	<u>\$ 68,778</u>
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Total liabilities	<u>\$ 68,778</u>
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The notes to the financial statements are an integral part of this statement.

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Blue Valley Recreation Commission (the Commission) is a political subdivision of the State of Kansas governed by a board appointed by the Unified School District No. 229 Blue Valley (the District). Accounting principles generally accepted in the United States of America have established criteria to be followed in determining which governmental organizations should be included in the reporting entity. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Applying these criteria, management has determined that the Commission is a component unit of the Blue Valley Unified School District No. 229.

B. Government-wide and Fund Financial Statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the Commission as a whole. For the most part, the effect of interfund activity has been removed from these statements. All activities of the Commission are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the Commission.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The Commission reports the following major governmental funds:

The General Fund is used to account for the general operating of the Commission and all unrestricted revenues and expenditures not provided for in other funds.

The Capital Project Fund is used to account for the bond proceeds for the Commission's construction projects.

The Employee Benefits Fund of the Commission accounts for employee benefits paid by the Commission.

The agency funds are used to account for assets held as an agent for individuals, other governmental units, private organizations and/or other funds.

D. Taxes Receivable

In accordance with state statutes, ad valorem taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all tax entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year.

E. Compensated Absences Liabilities

The executive director and all regular employees are allowed paid sick leave at various rates each year based upon time in service with a maximum amount of sick time allowed of 120 hours. Regular part-time employees are allowed paid sick leave pro-rata based on full-time allowances. Full-time employees with less than 5 years of service are allowed 80 hours of vacation each year. Full-time employees with 5 to 10 years of service are allowed 120 hours of vacation each year. Full-time employees with greater than 10 years of service are allowed 160 hours of vacation each year. Amounts accrued for vacation leave are reported on the Statement of Net Position.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the commission as assets with an initial, individual cost of more than \$1,000. Commission capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Commission is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Site Improvements	20
Furniture	10
Technology	6
Vehicles	15
Equipment	5

H. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Commission. Assigned fund balances include amounts that are constrained by the Commission management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves (Continued)

The following is the detail for fund balance classifications in the financial statements:

	<u>General</u>	<u>Capital Project</u>	<u>Employee Benefits</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Restricted for:				
Building improvements	\$ -	\$ 341,651	\$ -	\$ 341,651
Employee benefits	-	-	926,707	926,707
Assigned for:				
Capital outlay	517,988	-	-	517,988
Unassigned:	<u>5,689,269</u>	<u>-</u>	<u>-</u>	<u>5,689,269</u>
Total Fund Balances	<u>\$ 6,207,257</u>	<u>\$ 341,651</u>	<u>\$ 926,707</u>	<u>\$ 7,475,615</u>

I. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Commission applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

NOTE 2 - Stewardship, Compliance and Accountability

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, and special revenue funds (unless specifically exempted by statute). The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 2 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was not amended for the year ended June 30, 2018.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the Commission for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for the trust fund.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	General Fund	Capital Project	Employee Benefits
GAAP FUND BALANCE			
June 30, 2018	\$ 6,207,257	\$ 341,651	\$ 926,707
Adjustments:			
Unreserved fund balances not subject to the Kansas budget law:			
Capital Project	-	[341,651]	-
Encumbrances	[517,988]	-	-
Deferred revenue	867,512	-	-
Accrued payroll	115,022	-	-
Total deductions	464,546	[341,651]	-
BUDGETARY FUND BALANCE			
June 30, 2018	\$ 6,671,803	\$ -	\$ 926,707

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 3 - Detailed Notes on All Funds

A. Cash and Investments

The Commission's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the County in which the Commission is located or an adjacent county and that the bank provide an acceptable rate for active funds.

The Commission's investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statute requires that the Commission invest its idle funds in only temporary notes of the Commission, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. bills or notes, the Municipal Investment Pool (KMIP) and certain other investments if the municipality has extended investment authority. Maturities of the above investments may not exceed two years by statute.

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2018, the Commission has the following recurring fair value measurements:

	<u>6/30/2018</u>	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)	<u>Rating</u>	Weighted Average <u>Maturity</u>
Investments by fair value level				
U.S. Treasury Securities	<u>\$ 341,651</u>	<u>\$ 341,651</u>	NA	1 Day
Total investments measured at fair value level	<u>341,651</u>	<u>\$ 341,651</u>		
Investments measured at the net asset value (NAV)				
Kansas Municipal Investment Pool	<u>8,028</u>		S&P AAAf/S1+	1 Day
Total investments measured at NAV	<u>8,028</u>			
Total investments measured at fair value	<u>\$ 349,679</u>			

The Kansas Municipal Investment Pool investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

The Commission does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402.

Some of the Commission's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Commission Governmental Activities:				
Nondepreciable Capital Assets:				
Construction in Progress	\$ 56,525	\$ 534,203	\$ [12,965]	\$ 577,763
Depreciable Capital Assets:				
Computer Equipment	722,264	230,733	-	952,997
Program Equipment	310,358	150,567	-	460,925
YMCA Complex	2,728,575	-	-	2,728,575
School Facilities	172,294	-	-	172,294
Office Furniture and Equipment	206,336	-	-	206,336
Maintenance Equipment	205,736	-	-	205,736
Field Equipment	747,514	23,291	-	770,805
Concessions Equipment	56,968	-	-	56,968
Vehicles	222,169	94,126	-	316,295
Sports Complex	8,558,905	190,222	-	8,749,127
Maintenance Facility and West Parking lot Expansion	1,917,649	-	-	1,917,649
Millers Wood's Complex	5,065,891	-	-	5,065,891
Indoor Aquatic Facility	4,904,253	-	-	4,904,253
North Fields and Maintenance Facility	7,764,172	-	-	7,764,172
Concessions	1,347,363	-	-	1,347,363
Miscellaneous Equipment	48,774	-	-	48,774
Activity Center	2,210,703	85,245	-	2,295,948
Hilltop Center	18,806,262	68,745	-	18,875,007
Totals at historical cost	<u>56,052,711</u>	<u>1,377,132</u>	<u>[12,965]</u>	<u>57,416,878</u>
Less accumulated depreciation for:				
Computer Equipment	598,314	67,798	-	666,112
Program Equipment	260,671	31,282	-	291,953
YMCA Complex	1,151,114	54,572	-	1,205,686
School Facilities	67,716	3,446	-	71,162
Office Furniture and Equipment	201,799	1,112	-	202,911
Maintenance Equipment	200,700	2,015	-	202,715
Field Equipment	655,205	31,856	-	687,061
Concessions Equipment	54,014	1,300	-	55,314
Vehicles	188,145	10,018	-	198,163
Maintenance Facility and West Parking lot Expansion	364,353	38,353	-	402,706
Millers Wood's Complex/Sports Complex	4,820,892	274,398	-	5,095,290
Aquatic Center	833,541	98,085	-	931,626
North Field and Maintenance Facility	1,319,274	155,283	-	1,474,557
Miscellaneous Equipment	15,483	8,547	-	24,030
Concessions	202,104	26,947	-	229,051
Activity Center	745,848	45,067	-	790,915
Hilltop Center	205,144	376,812	-	581,956
Total accumulated depreciation	<u>11,884,317</u>	<u>1,226,891</u>	<u>-</u>	<u>13,111,208</u>
Governmental activities capital assets, net	<u>\$ 44,168,394</u>	<u>\$ 150,241</u>	<u>\$ [12,965]</u>	<u>\$ 44,305,670</u>

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets (Continued)

The Commission's depreciation expense was charged to governmental functions as follows:

Culture and recreation	<u>\$ 1,226,891</u>
Total depreciation	<u>\$ 1,226,891</u>

C. Long-Term Liabilities

Long-term obligations consist of the following:

<u>Series</u>	<u>Original</u>	<u>Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity</u>
Certificates of Participation,				
2014A Series	\$ 8,819,719	\$ 6,642,523	2.00% to 5.00%	October 1, 2025
2014B Series	4,606,041	3,464,394	2.00% to 5.00%	October 1, 2025
2015 Series	<u>18,614,628</u>	<u>17,469,165</u>	3.00% to 4.00%	October 1, 2035
	<u>\$ 32,040,388</u>	<u>\$ 27,576,082</u>		

During the year ended June 30, 2018, the following changes occurred in the long-term obligations of the Commission.

	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2018</u>
Certificates of Participation	<u>\$ 29,355,928</u>	<u>\$ -</u>	<u>\$ 1,779,846</u>	<u>\$ 27,576,082</u>
Total	<u>\$ 29,355,928</u>	<u>\$ -</u>	<u>\$ 1,779,846</u>	<u>\$ 27,576,082</u>

The following is a summary of the maturities of the certificates and related interest.

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2019	\$ 1,839,846	\$ 960,575
2020	1,879,846	907,775
2021	1,934,846	850,000
2022	2,004,846	786,650
2023	2,069,846	713,125
2024 - 2028	8,635,001	2,381,850
2029 - 2033	5,431,157	1,254,325
2034 - 2036	<u>3,780,694</u>	<u>225,400</u>
Total	<u>\$ 27,576,082</u>	<u>\$ 8,079,700</u>

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

NOTE 3 - Detailed Notes on All Funds (Continued)

D. Operating Leases

The Commission, as lessee, had various non-cancelable leases for certain facility rental and office equipment all of which are classified as operating leases. Rent expense under these non-cancelable leases was \$9,963 for the year ended June 30, 2018.

The remaining payments on the operating lease are as follows:

Year Ended <u>June 30,</u>		
2019	\$	3,481
2020		1,320
2021		<u>1,210</u>
Total	\$	<u>6,011</u>

E. Accounts Receivable

The Commission has accounts receivable of \$1,897 in the General Fund as of June 30, 2018.

F. Transfers

Interfund transfers for the year ended June 30, 2018, were as follows:

	Transfers In	Transfers Out
General	\$ 7,815	\$ -
Capital Project	<u>-</u>	<u>7,815</u>
Total	<u>\$ 7,815</u>	<u>\$ 7,815</u>

BLUE VALLEY RECREATION COMMISSION
Notes to the Financial Statements
For the Year Ended June 30, 2018

G. Defined Benefit Contribution Pension Plan

The Commission administers a 401(a) defined contribution pension plan available to its employees. Employees are eligible to participate in the payroll period immediately preceding the later of age 18 or their first anniversary. Plan compensation is determined by W-2 wages. The Commission has the discretion to make matching contributions to an employee's account based on the contributions the employee has made to the 457 plan.

The Commission contributes to the 401(a) based on the following schedule:

<u>Years of Employment</u>	<u>Maximum Match</u>
1 - 4 years	3% of pay
5 - 7 years	4% of pay
8 - 9 years	5% of pay
10 years or more	6% of pay

Employer matching contributions are subject to the following vesting schedule:

<u>Years of Employment</u>	<u>Vested Percentage</u>
Less than 2 years	0%
2 years	25%
3 years	50%
4 years	75%
5 years or more	100%

Forfeitures may first be used to reduce fees. Remaining forfeitures will be used to reduce Recreation Commission contributions.

For the year ended June 30, 2018, the Commission recognized pension expense of \$126,294. There were no plan forfeitures for the year ended June 30, 2018.

NOTE 4 - Other Information

A. Contingencies

The Commission 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. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

B. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.