# Deerfield Recreation Commission

Deerfield, Kansas

**FINANCIAL STATEMENT**

WITH REGULATORY - REQUIRED SUPPLEMENTARY INFORMATION

and

**INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2026

**Deerfield Recreation Commission**
Deerfield, Kansas
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For the Year Ended June 30, 2026


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# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Deerfield Recreation Commission
Deerfield, Kansas 67838

## Opinions

We have audited the accompanying financial statement of the Deerfield Recreation Commission which comprise the statement of receipts, expenditures and unencumbered cash as of June 30, 2026, and the related notes to the financial statement.

## Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Deerfield Recreation Commission as of June 30, 2026, 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* as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Deerfield Recreation Commission as of June 30, 2026, or changes in net position, or cash flows thereof for the year then ended.

## Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Deerfield Recreation Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Deerfield Recreation Commission on the basis of the financial reporting provisions of *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statement that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, 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 Deerfield Recreation Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Deerfield Recreation Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget (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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Deerfield Recreation Commission as of and for the year ended June 30, 2025 (not presented herein), and have issued our reported thereon dated November 4, 2025, which contained an unmodified opinion on the basic financial statement. The 2025 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link: http://admin.ks.gov/offices/oar/municipal-services. The 2025 actual column (2025 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2025 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2025 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2025 basic financial statement. The 2025 comparative

information was subjected to the auditing procedures applied in the audit of the 2025 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 2025 basic financial statement or to the 2025 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 2025 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2025, on the basis of accounting described in Note 1.

*Medill and Thooft, CPA*

**MEDILL & THOOFT, CPA**
Ulysses, Kansas

September 1, 2026

**Deerfield Recreation Commission**
Deerfield, Kansas
**Summary Statement of Receipts, Expenditures and Unencumbered Cash**
Regulatory Basis
For the Year Ended June 30, 2026

| Fund | Beginning Unencumbered Cash Balance | Receipts | Expenditures | Ending Unencumbered Cash Balance | Add: Encumbrances and Accounts Payable | Ending Cash Balance |
|---|---|---|---|---|---|---|
| General Fund: | | | | | | |
| General Fund | $ 98,951 | $ 171,168 | $ 223,076 | $ 47,043 | $ 5,813 | $ 52,856 |
| Special Purpose Fund: | | | | | | |
| Employee Benefits | 77,826 | 2,796 | 14,286 | 66,336 | 6,057 | 72,393 |
| Total Component Unit | $ 176,777 | $ 173,964 | $ 237,362 | $ 113,379 | $ 11,870 | $ 125,249 |

| Composition of Cash | |
|---|---|
| Money Market Account | $ 118,562 |
| Checking Account | 6,508 |
| Petty Cash | 179 |
| Total Composition of Cash | $ 125,249 |

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

# DEERFIELD RECREATION COMMISSION
Notes to the Financial Statement
June 30, 2026

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

The Deerfield Recreation Commission is authorized by K.S.A. 12-1925 under an agreement with Unified School District No. 216, Deerfield, Kansas to provide a system of public recreation. The governing body of the Deerfield Recreation Commission Board ("Board") has four members appointed by the USD No. 216 board, and one member appointed by the other four members. The Recreation Commission Board operates as a separate governing body, but USD No. 216 levies the taxes for the Recreation Commission and the Recreation Commission has only the powers granted by K.S.A. 12-1928. This financial statement consists of all the funds of the Deerfield Recreation Commission.

b) Regulatory Basis Fund Types

*General Fund* - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

*Special Purpose Fund* - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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, 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 Recreation Commission has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Recreation Commission to use the regulatory basis of accounting.

d) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, 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 on or before September 11th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before September 21st, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before October 1st.
5. Adopted budget filed with eh county clerk by 5:00 PM on October 1st.

If the Recreation Commission is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing, the Recreation Commission did not hold a revenue neutral rate hearing for this year.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts 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. There were no such budget amendments for this year.

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 schedules 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 regulatory basis of accounting, in which receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the Recreation Commission for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by using internal spending limits established by the governing body.

## NOTE 2 – DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Recreation Commission. The statute requires banks eligible to hold the Recreation Commission’s funds have a main or branch bank in the county in which the Recreation Commission is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Recreation Commission has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Recreation Commission's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Recreation Commission has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk*. State statutes place no limit on the amount the Recreation Commission 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 Recreation Commission's deposits may not be returned to it. State statutes require the Recreation Commission's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka. All deposits were legally secured on June 30, 2026.

On June 30, 2026, the Recreation Commission’s carrying amount of deposits was $125,249 and the bank balance was $126,398. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

*Custodial Credit Risk - Investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Recreation Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

## NOTE 3 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

*Plan Description*. The Recreation Commission participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or before 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 contribution are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

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 the Death and Disability Program) and the statutory contribution rate was 9.71% for July 1, 2025 through December 31, 2025 and 9.59% for January 1, 2026 through June 30, 2026. Contributions to the pension plan from the Recreation Commission was $4,477 for the year ended June 30, 2026.

Net Pension Liability
At June 30, 2026, the Recreation Commission's proportionate share of the collective net pension liability reported by KPERS was $34,653. 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 Recreation Commission's proportion of the net pension liability was based on the ratio of the Recreation Commission's contributions to KPERS, relative to the total employer and non-employer contribution 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 www.kpers.org or can be obtained as described above.

## NOTE 4 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

a) Death and Disability Other Post-Employment Benefit
As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2026.

b) Other Employee Benefits
*Compensated Absences.* The Recreation Commission's policy grants the eligible employee 15 days of vacation per year and the employee is not allowed to carry over hours from year to year. The full-time employee will earn 1-1/2 days of personal/sick leave per month. Upon separation, neither unused vacation nor personal/sick leave is paid out. The Recreation Commission's policy is to recognize the cost of compensated absences when paid.

## NOTE 5 – LONG TERM DEBT

Changes in long-term liabilities for the Recreation Commission for the year ended June 30, 2026 were as follows:

| | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions | Reductions/ Payments | Balance End of Year | Interest Paid |
|---|---|---|---|---|---|---|---|---|---|
| **Capital Leases:** | | | | | | | | | |
| Pool Repairs | 5.13% | 3/1/2025 | 56,500 | 3/1/2030 | $ 56,500 | $ - | $ 10,171 | $ 46,329 | $ 2,810 |

Current maturities of long-term debt are as follows:

| | Year | | | | |
|---|---|---|---|---|---|
| | 2027 | 2028 | 2029 | 2030 | Total |
| Principal | $ 10,707 | $ 11,267 | $ 11,865 | $ 12,490 | $ 46,329 |
| Interest | 2,274 | 1,714 | 1,116 | 491 | 5,594 |
| Total Principal and Interest | $ 12,981 | $ 12,981 | $ 12,981 | $ 12,981 | $ 51,923 |

## NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that no subsequent events are required to be recognized, but one event is to be disclosed in this financial statement.

On July 23, 2026 the Recreation Commission paid Astro Enterprise $8,500 for services provided.

# Regulatory Required Supplementary Information

Schedule 1

**Deerfield Recreation Commission**
Deerfield, Kansas
**Summary of Expenditures - Actual and Budget**
Regulatory Basis
For the Year Ended June 30, 2026

| Fund | Certified Budget | Expenditures Chargeable to Current Year | Variance Over (Under) |
|---|---|---|---|
| General Fund | $ 306,208 | $ 223,076 | $ (83,132) |
| Employee Benefits | 84,538 | 14,286 | (70,252) |

**Deerfield Recreation Commission**
Deerfield, Kansas
**General Fund**
**Schedule of Receipts and Expenditures - Actual and Budget**
Regulatory Basis
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | Prior Year Actual | Current Year Actual | Current Year Budget | Variance Over (Under) |
|---|---|---|---|---|
| Receipts | | | | |
| School District Appropriations | $ 134,000 | $ 125,098 | $ 119,956 | $ 5,142 |
| County Appropriations | 5,000 | 5,000 | - | 5,000 |
| Fitness Corner | 2,590 | 1,155 | 3,000 | (1,845) |
| Program Fees | 6,559 | 1,152 | 5,000 | (3,848) |
| Pool | 7,954 | 6,685 | 7,250 | (565) |
| Deerfield Summer Celebration | - | 15,692 | 10,000 | 5,692 |
| Chachi's Place | 995 | 852 | 1,000 | (148) |
| Interest | 9,047 | 5,349 | 5,000 | 349 |
| Lease Purchase Proceeds | 56,500 | - | - | - |
| Miscellaneous | 17,851 | 10,185 | 5,000 | 5,185 |
| Total Receipts | 240,496 | 171,168 | $ 156,206 | $ 14,962 |
| Expenditures | | | | |
| Administration | 56,606 | 58,194 | 65,000 | (6,806) |
| Chachi's Place | 12,388 | 10,198 | 15,000 | (4,802) |
| Deerfield Summer Celebration | 12,108 | 20,131 | 12,500 | 7,631 |
| Fitness Center | 10,707 | 4,406 | 12,500 | (8,094) |
| Instructors | 417 | - | 1,000 | (1,000) |
| Insurance | 15,146 | 18,227 | 20,000 | (1,773) |
| Pool | 41,197 | 23,918 | 40,000 | (16,082) |
| Programs | 21,644 | 38,303 | 20,000 | 18,303 |
| Operations | 13,462 | 4,671 | 15,000 | (10,329) |
| Transportation | 1,325 | 1,119 | 2,500 | (1,381) |
| Capital Outlay | 100,392 | 43,909 | 102,708 | (58,799) |
| Total Expenditures | 285,392 | 223,076 | $ 306,208 | (83,132) |
| Receipts Over (Under) Expenditures | (44,896) | (51,908) | | $ 98,094 |
| Unencumbered Cash, July 1 | 143,847 | 98,951 | | |
| Unencumbered Cash, June 30 | $ 98,951 | $ 47,043 | | |

**Deerfield Recreation Commission**
Deerfield, Kansas
**Employee Benefits Fund**
**Schedule of Receipts and Expenditures - Actual and Budget**
Regulatory Basis
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | Prior Year Actual | Current Year Actual | Current Year Budget | Variance Over (Under) |
|---|---|---|---|---|
| Receipts | | | | |
| School District Appropriations | $ 27,000 | $ 2,796 | $ - | $ 2,796 |
| Total Receipts | 27,000 | 2,796 | $ - | $ 2,796 |
| Expenditures | | | | |
| Social Security and Medicare | 5,876 | 6,386 | 7,500 | (1,114) |
| KPERS | 5,700 | 4,941 | 5,000 | (59) |
| Employment Security | 58 | 61 | 100 | (39) |
| Workman's Compensation | 1,212 | 2,898 | 1,500 | 1,398 |
| Health Insurance | - | - | 70,438 | (70,438) |
| Total Expenditures | 12,846 | 14,286 | $ 84,538 | (70,252) |
| Receipts Over (Under) Expenditures | 14,154 | (11,490) | | $ 73,048 |
| Unencumbered Cash, July 1 | 63,672 | 77,826 | | |
| Unencumbered Cash, June 30 | $ 77,826 | $ 66,336 | | |