PARSONS RECREATION COMMISSION

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended June 30, 2024

PARSONS RECREATION COMMISSION

For the Year Ended June 30, 2024

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Parsons Recreation Commission
Parsons, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Parsons Recreation Commission as of and for the year ended June 30, 2024 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of June 30, 2024, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Commission as of June 30, 2024, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the 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.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the Commission on the basis of the financial reporting provisions of the *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.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible

for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parsons 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 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 and the 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 accompanying supplementary information is fairly stated in all material respects in related 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 Parsons Recreation Commission as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated January 15, 2024, which contained an unmodified opinion on the basic financial statement. The 2022 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 https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2024 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 basic financial statement or to the 2023 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2023 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2023, on the basis of accounting described in Note 1.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

January 15, 2025
Chanute, Kansas

PARSONS RECREATION COMMISSION

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2024

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash June 30, 2024
General	$ 79,761.55	$ 691,681.22	$ 720,563.98	$ 50,878.79	$ 25,819.93	$ 76,698.72
Special Purpose Funds:						
Employee Benefits	129,636.09	81,960.38	95,000.00	116,596.47	-	116,596.47
Total Reporting Entity	$ 209,397.64	$ 773,641.60	$ 815,563.98	$ 167,475.26	$ 25,819.93	$ 193,295.19

Composition of Cash:	
Cash on Hand	$ 450.00
General Checking Account	207.90
Activity Checking Account	192,623.17
Savings Account	14.12
Total Cash and Investments	$ 193,295.19

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

PARSONS RECREATION COMMISSION

Notes to Financial Statement
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the Parsons Recreation Commission have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies follow. Note 1 describes how the Commission's accounting policies differ from accounting policies generally accepted in the United States of America.

Financial Reporting Entity

The Parsons Recreation Commission (Commission) is a municipality of the State of Kansas organized under K.S.A. 12-1925 with a five-member Board of Commissioners. Two members being appointed by the Parsons Recreation Commission, Parsons, Kansas, two by USD #503, and one by the members of the Commission.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the Commission exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the Commission. Related municipal entities are not required to be included in the Commission's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG).

The Commission has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a related municipal entity in the financial statement.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the Parsons Recreation Commission, for the fiscal year ended June 30, 2024:

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 Commission to use the regulatory basis of accounting.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the Commission treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a regulatory receipt source to be used to finance the budget of the ensuing year. Taxes are assessed 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 taxing entities within the County. Property owners have the option of paying one-half of the full amount of 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. State statutes prohibit the county treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for receipt recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

Pension Plan

Substantially all full-time Commission employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The Commission's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Unified School District #503 has been designated as the taxing authority for the Commission. Although directory rather than mandatory, the statutes provide for the following 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 August 5th of the proposed budget and notice of public hearing on the budget.
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.

If the Commission is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The Commission did hold a revenue neutral rate hearing for this year.

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 the 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, regulatory 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 municipality 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.

A legal operating budget is not required for capital projects funds and trust funds.

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the Commission was in compliance with the cash basis laws of Kansas. As shown in Schedule 1, the Commission was in compliance with the budget laws of Kansas.

3. DEPOSITS AND INVESTMENTS

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

K.S.A 12-1675 limits the 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 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 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 Commission's deposits may not be returned to it. State statutes require the 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 Commission, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2024.

At year-end, the Commission's carrying amount of deposits was $192,845.19 and the bank balance was $198,034.24. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance $198,020.12 was covered by FDIC insurance and $14.12 was covered by NCUA insurance at year end.

4. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The Commission manages these risks of loss through the purchase of various insurance policies.

5. FINANCE LEASES

The Commission entered into a finance lease agreement dated May 9, 2022, to purchase a 2014 Ford F150. The Commission agreed to make 16 quarterly payments of $963.56, including interest at 3.25%.

2025	$ 3,854.24
2026	3,854.08
Total Net Minimum Lease Payments	7,708.32
Less: Imputed Interest	(275.06)
Net Present Value	7,433.26
Less: Current Maturities	(3,656.56)
Long-Term Finance Lease Obligations	$ 3,776.60

5. FINANCE LEASES (Continued)

The Commission entered into a finance lease agreement dated April 11, 2023, to purchase a 2017 John Deere 825i. The Commission agreed to make 16 quarterly payments of $727.90, including interest at 4.95%.

2025	$ 2,911.60
2026	2,911.60
2027	2,911.59
Total Net Minimum Lease Payments	8,734.79
Less: Imputed Interest	(664.19)
Net Present Value	8,070.60
Less: Current Maturities	(2,558.99)
Long-Term Finance Lease Obligations	$ 5,511.61

The Commission entered into a finance lease agreement dated August 14, 2023, to purchase a Ozark Trailer. The Commission agreed to make 48 monthly payments of $81.29, including interest at 5.50%.

2025	$ 975.48
2026	975.48
2027	975.48
2028	162.51
Total Net Minimum Lease Payments	3,088.95
Less: Imputed Interest	(259.91)
Net Present Value	2,829.04
Less: Current Maturities	(840.89)
Long-Term Finance Lease Obligations	$ 1,988.15

The Commission entered into a finance lease agreement dated April 10, 2024, to purchase a Toro Sand Pro. The Commission agreed to make 48 monthly payments of $416.57, including interest at 5.50%.

2025	$ 4,998.84
2026	4,998.84
2027	4,998.84
2028	4,165.38
Total Net Minimum Lease Payments	19,161.90
Less: Imputed Interest	(1,921.35)
Net Present Value	17,240.55
Less: Current Maturities	(4,154.14)
Long-Term Finance Lease Obligations	$ 13,086.41

The Commission entered into a finance lease agreement dated August 14, 2023, to purchase a John Deere Mower. The Commission agreed to make 48 monthly payments of $324.48, including interest at 5.50%.

2025	$ 3,893.76
2026	3,893.76
2027	3,893.76
2028	648.48
Total Net Minimum Lease Payments	12,329.76
Less: Imputed Interest	(1,037.92)
Net Present Value	11,291.84
Less: Current Maturities	(3,356.38)
Long-Term Finance Lease Obligations	$ 7,935.46

6. LONG-TERM DEBT

Changes in long-term debt for the Parsons Recreation Commission for the year ended June 30, 2024, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Finance Leases									
2014 Ford F-150	3.25%	May 9, 2022	$ 14,400.00	May 9, 2026	$ 10,972.64	$ -	$ 3,539.38	$ 7,433.26	$ 314.86
2017 John Deere 825i	4.95%	April 11, 2023	10,500.00	April 15, 2027	10,500.00	-	2,429.40	8,070.60	482.20
2023 Ozark Trailer	5.50%	August 14, 2023	3,495.00	August 14, 2027	-	3,495.00	665.96	2,829.04	146.94
Toro Sand Pro	5.50%	April 10, 2024	17,910.64	April 10, 2028	-	17,910.64	670.09	17,240.55	163.05
2023 John Deere Mower	5.50%	August 14, 2023	13,950.00	August 14, 2027	-	13,950.00	2,658.16	11,291.84	586.64
Total Contractual Indebtedness					$ 21,472.64	$ 35,355.64	$ 9,962.99	$ 46,865.29	$ 1,693.69

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Issue	2025	2026	2027	2028	Total
Principal					
Finance Lease					
2014 Ford F-150	$ 3,656.56	$ 3,776.70	$ -	$ -	$ 7,433.26
2017 John Deere 825i	2,558.99	2,688.04	2,823.57	-	8,070.60
2023 Ozark Trailer	840.89	888.32	938.41	161.42	2,829.04
Toro Sand Pro	4,154.14	4,388.45	4,636.00	4,061.96	17,240.55
2023 John Deere Mower	3,356.38	3,545.69	3,745.70	644.07	11,291.84
Total Principal	14,566.96	15,287.20	12,143.68	4,867.45	46,865.29
Interest					
Finance Lease					
2014 Ford F-150	197.68	77.38	-	-	275.06
2017 John Deere 825i	352.61	223.56	88.02	-	664.19
2023 Ozark Trailer	134.59	87.16	37.07	1.09	259.91
Toro Sand Pro	844.70	610.39	362.84	103.42	1,921.35
2023 John Deere Mower	537.38	348.07	148.06	4.41	1,037.92
Total Interest	2,066.96	1,346.56	635.99	108.92	4,158.43
Total Principal and Interest	$ 16,633.92	$ 16,633.76	$ 12,779.67	$ 4,976.37	$ 51,023.72

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The Parsons 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 after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

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 8.43% from July 1, 2023 to December 31, 2023 and 9.26% from January 1, 2024 to June 30, 2024. Contributions to the pension plan from Parsons Recreation Commission were $27,081.95 for the year ended June 30, 2024.

Net Pension Liability

At June 30, 2024, the Parsons Recreation Commission's proportionate share of the collective net pension liability reported by KPERS was $192,063.00. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The Parsons Recreation Commission's proportion of the net pension liability was based on the ratio of the Parsons Recreation Commission's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits
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, 2024.

Other Post-Employment Benefits:
As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Commission is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Commission makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid in full by the insured. There is no cost to the Commission under this program.

Compensated Absences:
Regular employees earn and accumulate vacation leave as follows:

0-4 years – 10 days
5-10 years – 15 days
After Ten Full Years of Employment – 20 days

Upon being hired, the employee begins to accrue vacation each month. They are not eligible to take any leave until employed continuously for six months. Employees may not carry more than 10 vacation days over from one calendar year to the next. Upon termination, an employee shall be compensated for all unused vacation leave. The employee will be kept on the payroll until all accumulated leave has been used.

Regular employees earn and accumulate sick leave as follows:

Upon Employment – 1 day per month or 12 days annually

Sick leave may be accumulated to a maximum of 60 days. Any unused sick leave at date of termination is lost if employee resigns or is dismissed. However, upon retirement an employee may receive 30% for accumulated sick leave.

The Commission accrues a liability for compensated absences which meet the following criteria:

1. The Commission's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and, is material.

In accordance with the above criteria, the Commission has estimated a liability for vacation benefits which has been earned, but not taken by Commission employees of $5,676.11. The Commission has not estimated a liability for sick leave earned, but not taken, by Commission employees, as the amounts cannot be reasonably estimated at this time.

9. SUBSEQUENT EVENTS

The Commission evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statement. Additionally, there were no non recognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Schedule 1

PARSONS RECREATION COMMISSION
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended June 30, 2024

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General	$ 737,000.00	$ 22,513.39	$ 759,513.39	$ 720,563.98	$ (38,949.41)
Special Purpose Funds:					
Employee Benefits	95,000.00	-	95,000.00	95,000.00	-

PARSONS RECREATION COMMISSION
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Appropriations from USD #503	$ 329,093.69	$ 427,137.58	$ 440,000.00	$ (12,862.42)
Charges for Services				
Fees and Charges	223,550.04	236,788.94	220,000.00	16,788.94
Use of Money and Property				
Interest	2,507.26	959.55	2,000.00	(1,040.45)
Rental Receipts	9,085.50	1,601.04	-	1,601.04
Other Receipts				
Grants	275.00	500.00	-	500.00
Reimbursed Expense	83,439.78	22,513.39	50,000.00	(27,486.61)
Miscellaneous	13,354.48	2,180.72	25,000.00	(22,819.28)
Total Receipts	661,305.75	691,681.22	$ 737,000.00	$ (45,318.78)
Expenditures				
Personal Services	329,062.15	379,562.83	$ 485,680.00	$ (106,117.17)
Contractual Services	301,815.00	259,830.34	127,420.00	132,410.34
Commodities	62,897.60	26,526.67	50,000.00	(23,473.33)
Capital Outlay	100,002.05	42,987.46	58,000.00	(15,012.54)
Debt Service				
Finance Lease	4,639.36	11,656.68	15,900.00	(4,243.32)
Total Certified Budget			737,000.00	(16,436.02)
Adjustments for Qualifying Budget Credits			22,513.39	(22,513.39)
Total Expenditures	798,416.16	720,563.98	$ 759,513.39	$ (38,949.41)
Receipts Over(Under) Expenditures	(137,110.41)	(28,882.76)		
Unencumbered Cash, Beginning	216,871.96	79,761.55		
Unencumbered Cash, Ending	$ 79,761.55	$ 50,878.79		

PARSONS RECREATION COMMISSION
EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Appropriations from USD #503	$ 43,049.97	$ 81,960.38	$ 95,000.00	$ (13,039.62)
Total Receipts	43,049.97	81,960.38	$ 95,000.00	(13,039.62)
Expenditures				
Employee Benefits				
Health Insurance	35,505.04	34,664.82	$ 32,000.00	$ 2,664.82
FICA/Medicare Taxes	24,081.86	30,101.46	27,000.00	3,101.46
Workmen's Compensation	-	2,656.00	7,000.00	(4,344.00)
Unemployment Taxes	309.78	305.73	2,000.00	(1,694.27)
KPERS	18,539.03	25,342.24	27,000.00	(1,657.76)
Other Benefits	2,006.28	1,929.75	-	1,929.75
Total Expenditures	80,441.99	95,000.00	$ 95,000.00	$ -
Receipts Over(Under) Expenditures	(37,392.02)	(13,039.62)		
Unencumbered Cash, Beginning	167,028.11	129,636.09		
Unencumbered Cash, Ending	$ 129,636.09	$ 116,596.47		

Jarred Gilmore Phillips

Board of Commissioners
Parsons Recreation Commission
Parsons, Kansas

In planning and performing our audit of the financial statement of Parsons Recreation Commission as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Parsons Recreation Commission's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Parsons Recreation Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Parsons Recreation Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 Commission's financial statement will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be significant deficiencies:

Preparation of Financial Statement

Accounting standards state that the client must be able to accept responsibility and be able to identify a material misstatement when handed the financial statement, including footnotes. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the Commission staff does not have the ability to process and prepare the required financial statement, including footnotes. While we recognize that this condition is not unusual for an entity your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the Commission and changes in reporting requirements.

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the Commission's financial activity is properly recorded, processed, summarized, and reported in the financial statement. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as receipt of cash, preparing the bank deposits, reconciling the bank account, and preparing cash payments.

Accounts Payable

K.S.A. 10-1117 requires the municipality to maintain a record of each fund's indebtedness. This means that the Commission's expenses in each fund need to reflect accounts payable. The Commission's records only reflect cash disbursed and do not include in expenses any payables still owed. As a result, the Commission could inadvertently overspend cash and budget available in violatin of Kansas statutes.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within Parsons Recreation Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 15, 2025