RECREATION COMMISSION
UNIFIED SCHOOL DISTRICT NO. 244
Burlington, Kansas

Independent Auditors' Report and
Regulatory Basis Financial Statement
With Supplementary Information

For the Year Ended June 30, 2024

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Regulatory Basis Financial Statement
For the Fiscal Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

Recreation Commission
Unified School District No. 244
Burlington, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 244 Recreation Commission, Burlington, Kansas, 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 Unified School District No. 244 Recreation Commission, Burlington, Kansas, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 244 Recreation Commission, Burlington, Kansas, 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 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.

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 Unified School District No. 244 Recreation Commission, Burlington, Kansas, 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 Recreation 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 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 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 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 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.

Other Matters

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 purposes of additional 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 Unified School District No. 244 Recreation Commission, Burlington, Kansas, as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated February 27, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 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 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 2023 basic financial statement as a whole, on the basis of accounting described in Note 1.

Respectfully Submitted,

Rodney M. Burns, CPA, LLC

February 17, 2025

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2024

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus: Accounts Payable and Encumbrances	Ending Cash Balance
General Fund	$ 1,747,306	1,382,676	1,087,126	2,042,856	3,781	2,046,637
Special Purpose Funds:						
Employee Benefits and Special Liability Fund	121,096	90,600	78,687	133,009		133,009
Pool Lease Reserve Fund	13,839	5	3,968	9,876		9,876
Total	1,882,241	1,473,281	1,169,781	2,185,741	3,781	2,189,522

Composition of Ending Cash Balance:

Demand Deposits	$ 2,060,000
Certificates of Deposit	129,522
Total Composition of Cash	2,189,522

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

Note 1 Summary of Significant Accounting Policies

The financial statement and schedules of Unified School District No. 244 Recreation Commission, Burlington, Kansas, 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 Recreation Commission's policies follow. Note 1 describes how the Recreation Commission's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The Unified School District No. 244 Recreation Commission is a municipal corporation governed by an appointed five-member board. These financial statements present Unified School District No. 244 Recreation Commission as a primary government unit, with no component units.

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 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 revenues 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 Kansas Municipal Audit and Accounting Guide 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.

Basis of Presentation

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 Regulatory Basis Fund Types comprise the financial activities of the Recreation Commission for the year ending June 30, 2024:

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

Special Purpose Funds -- used to account for the proceeds of specific tax levies and other revenue sources that are intended for specific purposes.

Budget and Tax Cycle:

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. 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 July 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before July 10th.
3. Public hearing on or before July 20th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget and certification to the Unified School District on or before August 1st, but at least 10 days after public hearing.

If the municipality 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 Recreation Commission did not hold a revenue neutral rate hearing for the year ending June 30, 2024.

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. During the year ended June 30, 2024, the Recreation Commission had no such amendments.

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 modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and certain special revenue funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of 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 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.

K.S.A. 12-1675 allows the Recreation Commission to deposit idle funds in time deposits-open accounts, and certificates of deposit with allowable financial institutions; and to invest idle funds in U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Recreation Commission held no investments at June 30, 2024 and held no investments throughout the year.

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, except during designated "peak periods" when required coverage is 50%. The Recreation Commission has not designated any peak periods.

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.

At June 30, 2024, the carrying amount of the Recreation Commission's deposits was $2,189,522 and the bank balance was $2,411,822. Of the bank balance, $717,765 was covered by federal depository insurance and the remaining $1,694,057 was collateralized with securities held by the pledging financial institutions' agents in the Recreation Commission's name.

Note 3 Other Long-Term Obligations from Operations

Compensated Absences:

The Recreation Commission's sick leave policy allows accumulation of one day of sick leave per month, with no maximum accumulation. Fifty percent of unused sick leave is paid upon employee retirement, up to a maximum of 1200 hours. At employment termination, other than retirement, if the employee has been employed more than 15 years with the Commission, they are eligible to receive 25% of their accumulated sick pay, up to a maximum of 1,200 hours. The Commission's vacation policy allows a specified number of days vacation time per year, based on length of service. Vacation days must be used in the period earned except that five days may be carried over into the next year. Unused vacation time is paid upon employment termination.

Defined Benefit 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 S. 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, KPERS 2, 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 and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 8.43% for the period July 1, 2023 through December 31, 2023 and 9.26% for the period January 1, 2024 through June 30, 2024. Contributions to the pension plan from Recreation Commission were $52,575 for the year ended June 30, 2024.

Net Pension Liability. At June 30, 2024, the Recreation Commission's proportionate share of the collective net pension liability reported by KPERS was $365,077. 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 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 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.

Note 4 Stewardship, Compliance, and Accountability

Compliance with Kansas Cash Basis Law

No violations.

Compliance with Kansas Budget Law

No violations.

Compliance with Kansas Depository Security Law

No violations

Note 5 Economic Dependency

The Wolf Creek Nuclear Power Plant resides within the boundaries of Unified School District No. 244 Recreation Commission. This power plant is run by a joint venture of several utility companies. The valuation for State-Assessed utilities (including this power plant) accounts for approximately 92.5% of the Recreation Commission's total assessed valuation.

Note 6 Subsequent Events

The Recreation Commission has evaluated subsequent events through February 17, 2025, the date which the financial statement was available to be issued.

SUPPLEMENTARY INFORMATION

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024

Schedule 1

Fund		Certified Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	$	2,513,073	1,087,126	(1,425,947)
Special Purpose Funds:				
Employee Benefits and Special Liability Fund		89,800	78,687	(11,113)
Pool Reserve Fund		13,849	3,968	(9,881)
Total		2,616,722	1,169,781	(1,446,941)

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
General Fund				
Cash Receipts:				
Appropriation from U.S.D. No. 244	$ 1,157,750	1,120,000	1,089,586	30,414
Interest on Idle Funds	58,201	82,525	30,000	52,525
Program Fees	179,282	180,057	1,000	179,057
Miscellaneous	1,097	94	156,700	(156,606)
Total Cash Receipts	1,396,330	1,382,676	1,277,286	105,390
Expenditures and Transfers:				
Administration	200,579	178,011	218,411	(40,400)
Programs	326,317	336,692	342,580	(5,888)
Transportation	4,872	5,160	5,300	(140)
Physical Plant	318,953	314,152	316,275	(2,123)
Capital Outlay	522,513	253,111	1,630,507	(1,377,396)
Total Expenditures and Transfers	1,373,234	1,087,126	2,513,073	(1,425,947)
Receipts Over (Under) Expenditures	23,096	295,550		
Unencumbered Cash, Beginning	1,724,210	1,747,306		
Unencumbered Cash, Ending	1,747,306	2,042,856		

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Employee Benefits and Special Liability Fund				
Cash Receipts:				
Appropriation from U.S.D. No. 244	$ 90,625	90,600	86,332	4,268
Expenditures and Transfers:				
Social Security	37,797	34,499	39,000	(4,501)
KPers	36,870	33,219	38,000	(4,781)
Workmens Compensation	5,153	4,640	6,000	(1,360)
Unemployment Insurance	481	1,855	1,000	855
Health Insurance			2,500	(2,500)
Liability Insurance	3,091	4,474	3,300	1,174
Total Expenditures and Transfers	83,392	78,687	89,800	(11,113)
Receipts Over (Under) Expenditures	7,233	11,913		
Unencumbered Cash, Beginning	113,863	121,096		
Unencumbered Cash, Ending	121,096	133,009		

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Pool Reserve Fund				
Cash Receipts:				
Interest on Investments	$ 13	5	10	(5)
Expenditures and Transfers:				
Capital Outlay	13,764	3,968	13,849	(9,881)
Receipts Over (Under) Expenditures	(13,751)	(3,963)		
Unencumbered Cash, Beginning	27,590	13,839		
Unencumbered Cash, Ending	13,839	9,876		