KINGMAN RECREATION COMMISSION
KINGMAN, KS

FINANCIAL STATEMENTS
WITH
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDING DECEMBER 31, 2021
(WITH SUMMARIZED FINANCIAL
INFORMATION FOR DECEMBER 31, 2020)

Daniel L. Drake, CPA, P.A.
401 W. First, P.O. Box 1245, Hutchinson, Kansas 67504-1245
Telephone # (620) 662-4203, Fax # (620) 662-4205
dan@dandrakecpa.com

KINGMAN RECREATION COMMISSION

December 31, 2021
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Daniel L. Drake CPA PA
401 West First P.O. Box 1245 Hutchinson KS 67504-1245 Ph: 620.662.4203 Fx: 620.662.4205 dan@dandrakecpa.com

INDEPENDENT AUDITORS' REPORT

To the Board and Management
Kingman Recreation Commission
Kingman, KS 67068

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Kingman Recreation Commission, a related municipal entity of Unified School District No. 331, Kingman, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statement.

Management's Responsibility 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.

Auditors' Responsibility
Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America, and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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 Kingman Recreation 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.

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" paragraph, the 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 Kingman Recreation Commission as of December 31, 2021, 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 balances of the Kingman Recreation Commission as of December 31, 2021, 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.

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, 2 and 3) are presented for analysis and are not a required part of the basic financial statement, however they 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 Kingman Recreation Commission as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated August 11, 2011, which contained an unmodified opinion on the basic financial statement. The 2020 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/oar/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepared the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Daniel L. Drake, CPA, P.A.

September 29, 2022

KINGMAN RECREATION COMMISSION
Kingman, Kansas
Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash- Regulatory Basis
For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General Funds:						
General	$ 45,566	$ 521,618	$ 367,227	$ 199,957	$ 16,044	$ 216,001
Special Purpose Funds:						
Employee Benefits Fund	25,575	52,678	51,128	27,125	1,910	29,035
Total Reporting Entity	$ 71,141	$ 574,296	$ 418,355	$ 227,082	$ 17,954	$ 245,036
Composition of Cash:						
Checking Accounts						$ 46,114
Savings						198,922
Total Composition of Cash						$ 245,036

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

Feb. 10. 2023 10:27AM Daniel Drake, CPA PA No. 4704 P. 7

KINGMAN RECREATION COMMISSION
Kingman, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

Note 1. Summary of Significant Accounting Policies

Financial Reporting Entity

Kingman Recreation Commission (Recreation Commission) is a related municipal entity of Unified School District No. 331. The Recreation Commission provides recreational services in and around Kingman and Norwich, Kansas. The Recreation Commission is governed by a five member board appointed by USD No. 331 and is a separate governing body. USD No. 331 levies the taxes for the Recreation Commission and the Recreation Commission has only the powers granted by statute K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift.

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.

Regulatory Basis Fund Types

The following categories of funds comprise the financial activities of the Recreation Commission for the year ended December 31, 2021:

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 - This fund is used to account for proceeds of specific revenue sources that are legally restricted to expenditures for the funds specified purpose. The Recreation Commission has a special purpose fund for Employee Benefits.

Note 2. Budgetary Information

Kansas statutes require that an annual 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 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 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 final budget on or before August 25th.

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 this time. There were no such budget amendments for this year.

KINGMAN RECREATION COMMISSION
Kingman, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

Note 2. Budgetary Information (continued)

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 revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or a contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and certain special purpose funds. No such funds exist for the Recreation Commission.

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.

Note 3. Covid 19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Municipality is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021. Future potential impacts may include decreases in program revenues and disruptions in providing recreational activities to both children and adults.

Note 4. Deposits and Investments

As of December 31, 2021 the Recreation Commission had no open investment funds.

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. As of December 31, 2018 the Recreation Commission has established a pledge security with Kanza Bank for $110,000 for instances where deposits exceed the amount covered under FDIC insurance. The Recreation Commission has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Recreation Commission's investments 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 required 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 a "peak period." All deposits are legally secured at December 31, 2021.

KINGMAN RECREATION COMMISSION
Kingman, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

Note 4. Deposits and Investments (continued)

At December 31, 2021, the Recreation Commission's carrying amounts of deposits was $227,082 and the bank balance was $245,036. The bank balance was held by Citizens Bank of Kansas resulting in a concentration of credit risk. All of the bank balance was covered by federal depository insurance, and none was collateralized with security held by the pledging financial institutions' agents in the Recreation Commission's name.

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

Note 5. Defined Benefit Pension Plan

General Information about the Pension Plan

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 www.kpers.com or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

K.S.A. 74-4919 and K.S.A. 74-49210 establish 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, 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 1.00% contribution rate for Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the Recreation Commission were $7,061 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021 the Recreation Commission's proportionate share of the collective net pension liability reported by KPERS was $60,022. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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 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.

KINGMAN RECREATION COMMISSION
Kingman, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

Note 6. Long Term Debt

The Recreation Commission has the following Capital Leases as of December 31, 2021.

Turf Project: On October 20, 2021, the Recreation Commission entered into a long-term lease for the purpose of the replacing turf on several fields. The lease is an equipment lease purchase agreement with Citizens Bank of Kansas. The lease allowed the Recreation Commission to purchase the turf and other upgrades, subject to terms and conditions of the agreement in the amount of $450,000. The interest rate is 2.35% with the final payment due November 1, 2031. Monthly payments are $2,978. Total interest paid for the year was $4,809.

Issue	Amount of Issue	Date of Final Maturity	Balance Beg. of Year	Additions	Reductions/ Payments	Balance End of Year
Capital Leases:						
Turf Project, 2.35% interest, issued 10/20/21	$ 450,000	11/01/31	$ -	$ 450,000	$ 4,728	$ 445,272

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

	Principal	Interest	Total
2022	25,550	10,190	35,740
2023	26,157	9,583	35,740
2024	26,778	8,961	35,739
2025	27,414	8,325	35,739
2026 until end	339,373	45,023	384,396
Total	$ 445,272	$ 82,082	$ 527,354

As of December 31, 2021 the turf project had $267,697 of costs that were unspent for which the lease funding is available to use against those costs.

Note 7. Other Long-Term Obligations from Operations

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

Under the Consolidated Omnibus Budget Reconciliation Act, the Recreation Commission makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by federal government for this coverage. The premium is paid in full by the insured.

Compensated Absences: The Recreation Commission's compensated absence policy permits employees five sick days per year and two weeks paid vacation. Employees are allowed to carryover unused sick time, but must use vacation in the year that it is awarded.

KINGMAN RECREATION COMMISSION
Kingman, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

Note 8. Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures To Date
Turf Project	$ 367,861	$ 100,164

Note 9. Subsequent Events

Management has evaluated the effects of the financial statement for subsequent events occurring through September 29, 2022 which is the date at which the financial statements were available to be issued.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

KINGMAN RECREATION COMMISSION
Kingman, Kansas
Summary of Expenditures - Actual and Budget - Regulatory Basis
For the Year Ended December 31, 2021

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current year	Variance-Over (Under)
General Funds:					
General	$ 454,487	$ -	$ 454,487	$ 367,227	$ (87,260)
Special Purpose Funds:					
Employee Benefits Fund	$ 67,565	$ -	$ 67,565	$ 51,128	$ (16,437)

Schedule 2

Kingman Recreation Commission
Kingman, Kansas
General Fund
Schedule of Receipts and Expenditures, Actual and Budget - Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Ad Valorem Property Tax	$ 348,959	$ 339,907	$ 347,665	$ (7,758)
Reimbursed Expense	24,355	33,483	50,529	(17,046)
Interest	315	1,995	332	1,663
Charitable Contributions	-	146,233	-	146,233
Net Pool Receipts	25,579	-	20,685	(20,685)
Total Receipts	399,208	521,618	$ 419,211	$ 102,407
Expenditures				
Personnel Services	163,621	136,279	$ 212,434	$ (76,155)
Contractual Services	19,027	19,110	18,975	135
Commodities	49,352	61,307	70,665	(9,358)
Capital Outlay	20,667	40,628	50,000	(9,372)
Recreation Programs	9,610	8,461	13,500	(5,039)
Net Pool Expenditures	4,560	764	(11,808)	12,572
Lease Principal	27,999	32,388	32,553	(165)
Lease Interest	4,809	3,004	2,768	236
Interlocal Agreement Payment	72,500	65,000	65,000	-
Miscellaneous	141	286	400	(114)
Total Expenditures	372,286	367,227	$ 454,487	$ (87,260)
Receipts Over (Under) Expenditures	26,922	154,391		
Unencumbered Cash, Beginning	18,644	45,566		
Unencumbered Cash, Ending	$ 45,566	$ 199,957		

Schedule 3

Kingman Recreation Commission
Kingman, Kansas
Employee Benefit Fund
Schedule of Receipts and Expenditures, Actual and Budget - Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Ad Valorem Property Tax	$ 41,066	$ 52,678	$ 45,000	$ 7,678
Total Receipts	41,066	52,678	$ 45,000	$ 7,678
Expenditures				
Payroll Taxes	10,369	7,989	$ 12,000	$ (4,011)
Retirement	9,155	7,081	10,525	(3,444)
Worker's Compensation Insurance	1,865	1,703	2,456	(753)
Liability Insurance	5,863	4,404	4,561	(157)
Health Insurance	36,498	29,951	38,023	(8,072)
Total Expenditures	63,750	51,128	$ 67,565	$ (16,437)
Receipts Over (Under) Expenditures	(22,684)	1,550		
Unencumbered Cash, Beginning	48,259	25,575		
Unencumbered Cash, Ending	$ 25,575	$ 27,125		