

BLUE VALLEY RECREATION COMMISSION

A COMPONENT UNIT OF BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

BLUE VALLEY RECREATION COMMISSION
BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

Blue Valley Recreation Commission
Overland Park, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Blue Valley Recreation Commission (the Commission), a component unit of Blue Valley Unified School District No. 229, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Employee Benefits Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and applicable provisions of the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 within one year after the date that the financial statements are issued or available to be issued.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 statements.

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 statements, 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 statements.
- 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 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 statements.
- 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.

Required Supplementary Information

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

BT&Co, P.A.

October 4, 2023
Topeka, Kansas

This section of the Commission's annual financial statements presents its discussion and analysis of the Commission's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the Commission's financial statements, which immediately follow this section.

Financial Highlights

- The assets of the Commission exceeded its liabilities by $ 39.4 million. Of this amount, $ 12.1 million may be used to meet the Commission's ongoing obligations to creditors.
- The Commission's total net position increased by $ 6.4 million.
- As of the close of the current fiscal year, the Commission's Governmental Funds reported combined ending fund balances of $ 13,439,230, an increase of $ 2,194,305 in comparison with the prior year. Of this total amount, $ 8,453,486 is available for spending at the Commission's discretion (unassigned fund balance).
- The Commission's total debt decreased by $ 2.1 million during the current fiscal year.

Overview of the Financial Statements

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

Commission-Wide Financial Statements

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

The first of the Commission-wide statements is the Statement of Net Position. The Statement of Net Position presents balance information for the entire recreation commission operations at a given point in time (June 30, 2023). The assets include all cash and investments, receivables including taxes assessed that remain uncollected, and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings not yet paid, accrued interest payable, unearned revenue, and outstanding long-term debt in the form of Certificates of Participation. This results in a statement that encompasses the entire operation of the Commission.

Although the Statement of Net Position reports total net position of $ 39,425,688, the Commission has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the Commission.

The second of the Commission-wide financial statements is the Statement of Activities. This statement shows the results of operations that caused the net position to change from the prior year to the amount reported on the Statement of Net Position as of June 30, 2023. This statement answers the question, "How did we do financially during fiscal year 2023?" This change in net position is important because it tells the reader whether, for the Commission as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors. Most notably, the results are influenced by:

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

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

Fund Financial Statements

Financial reports by fund follow the Commission-wide statements. As shown on the reconciliations on pages 12 and 14, the fund statements differ from the Commission-wide statements (Statement of Net Position and Statement of Activities) by excluding the following:

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

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

The Commission has only governmental funds.

Governmental Funds

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

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

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

The Commission's net position was more on June 30, 2023, than the year before, increasing by $ 6.4 million to $ 39.4 million. The following are the major components of the Commission's net position.

Condensed Statement of Net Position

	Balance as of June 30, 2023	Balance as of June 30, 2022
Statement Classifications		
Current Assets	$ 14,679,912	$ 12,363,441
Net Capital Assets	44,204,282	42,022,681
Total Assets	58,884,194	54,386,122
Current Liabilities	3,756,500	3,575,300
Non-current Liabilities	15,702,006	17,846,852
Total Liabilities	19,458,506	21,422,152
Net Position		
Net Investment in Capital Assets	26,357,430	22,105,983
Restricted	949,181	1,637,506
Unrestricted	12,119,077	9,220,481
Total Net Position	$ 39,425,688	$ 32,963,970

This includes an increase in assets of approximately $ 4.5 million and a decrease in outstanding liabilities of $ 1.9 million. Net position includes $ 26.3 million invested in capital assets and $ 12.1 million unrestricted.

The total costs of all programs and services amounted to $ 13.1 million. The following table shows the breakdown of total costs by functional area:

Expense Function	Percentage of Total
Culture and Recreation	95.51%
Interest on Long-term Debt	4.49%

Total revenues exceeded expenses, increasing net position by $ 6.4 million over last year.

Condensed Statement of Activities

	Totals for the year ended June 30, 2023	Totals for the year ended June 30, 2022
Revenues		
Program Revenues		
Charges for Services	$ 7,048,751	$ 6,460,979
Operating Grants and Contributions	11,500	10,000
General Revenues		
Property Taxes	12,194,052	8,578,301
Investment Earnings	255,845	(62,175)
Gain on Sale of Assets	16,256	5,425
Miscellaneous	122,962	102,206
Total Revenues	19,649,366	15,094,736
Expenses		
Culture and Recreation	12,596,164	11,955,775
Interest on Long-term Debt	591,484	678,867
Total Expenses	13,187,648	12,634,642
Increase in Net Position	$ 6,461,718	$ 2,460,094

The table above details the Commission's changes in net position for the year. The Commission's total revenues amounted to $ 19.6 million. Charges for services and property taxes account for most of the Commission's revenue, with charges for services contributing 36% and property taxes contributing 62%. The remainder came from other local sources, operating grants and contributions, and investment earnings.

Charges for services increased approximately $ 588,000 from the year ended June 30, 2022 to the year ended June 30, 2023.

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

As the Commission completed the year, its governmental funds reported combined fund balances of $ 13.4 million; a $ 2.2 million increase from last year's ending fund balance of $ 11.2 million. Revenues of $ 19.6 million exceeded expenditures of $ 17.4 million accounting for an increase in fund balance.

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

Analysis of Budget Variations

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

	Original/Final Budget	Actual Revenues (Budgetary Basis)	Over (Under) Budget
Revenue			
Taxes	$ 10,983,913	$ 11,363,581	$ 379,668
Charges for Services	7,015,181	7,107,995	92,814
Investment Revenue	25,000	255,845	230,845
Other Local Sources	35,500	123,972	88,472
Total Revenues	$ 18,059,594	$ 18,851,393	$ 791,799

Actual revenues will vary from original budget for several reasons including adjustments in tax assessments, increased enrollments and fees, or interest rates increasing after the budgets were initially approved.

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

	Original/Final Budget	Actual Expenditures (Budgetary Basis)	Over (Under) Budget
Expenditures			
Personnel	$ 6,238,121	$ 6,013,444	$ (224,677)
Contractual	2,205,587	2,118,309	(87,278)
Commodities	1,834,634	1,629,061	(205,573)
Capital Outlay	5,964,095	5,929,318	(34,777)
Principal Payment	1,970,000	1,970,000	-
Interest on Long-term Debt	713,125	711,617	(1,508)
Total Expenditures	$ 18,925,562	$ 18,371,749	$ (553,813)

The final budget was not amended from the original budget filed with the State of Kansas.

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal year 2023, the Commission had invested $ 44.2 million in a broad range of capital assets, including athletic facilities, maintenance equipment, field equipment, concessions equipment, vehicles, computer equipment, and administrative offices. This amount represents a net increase of $ 2.1 million from last year. Total depreciation expense for the year was $ 1.3 million.

Long-Term Debt

As of June 30, 2023, the Commission has $ 17.8 million of outstanding debt. Outstanding debt decreased $ 2.0 million from last year as a result of continued pay off of debt principal.

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

Contacting the Commission's Financial Management

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

BLUE VALLEY RECREATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2023

Assets:	
Cash and investments	$ 14,673,648
Accounts receivable	6,264
Capital assets, net of accumulated depreciation	44,204,282
Total assets	58,884,194
Liabilities:	
Accounts payable	3,097
Accrued payroll	331,765
Accrued compensated absences	205,757
Other payables	17,866
Accrued interest payable	165,215
Unearned revenue	887,954
Noncurrent liabilities:	
Due within one year	2,144,846
Due in more than one year	15,702,006
Total liabilities	19,458,506
Net position:	
Net investment in capital assets	26,357,430
Restricted:	
Donor restricted projects	78,708
Employee benefits	870,473
Unrestricted	12,119,077
Total net position	$ 39,425,688

See accompanying notes to financial statements.

BLUE VALLEY RECREATION COMMISSION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental activities:				
Culture and recreation	$ 12,596,164	$ 7,048,751	$ 11,500	$ (5,535,913)
Interest and charges on long-term debt	591,484	-	-	(591,484)
Total governmental activities	$ 13,187,648	$ 7,048,751	$ 11,500	(6,127,397)
General revenues:				
Property taxes levied for general purposes				12,194,052
Investment earnings				255,845
Gain on sale of assets				16,256
Miscellaneous				122,962
Total general revenues				12,589,115
Change in net position				6,461,718
Net position, beginning of year				32,963,970
Net position, end of year				$ 39,425,688

See accompanying notes to financial statements.

BLUE VALLEY RECREATION COMMISSION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General	Employee Benefits	Total Governmental Funds
ASSETS			
Cash and investments	$ 13,780,079	$ 893,569	$ 14,673,648
Accounts receivable	6,264	-	6,264
Total assets	$ 13,786,343	$ 893,569	$ 14,679,912
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 3,097	$ -	$ 3,097
Accrued liabilities	308,669	23,096	331,765
Other payables	17,866	-	17,866
Unearned revenues	887,954	-	887,954
Total liabilities	1,217,586	23,096	1,240,682
Fund balances:			
Restricted	78,708	870,473	949,181
Assigned:			
Capital outlay	4,036,563	-	4,036,563
Unassigned	8,453,486	-	8,453,486
Total fund balances	12,568,757	870,473	13,439,230
Total liabilities and fund balances	$ 13,786,343	$ 893,569	$ 14,679,912

See accompanying notes to financial statements.

BLUE VALLEY RECREATION COMMISSION
RECONCILIATON OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances - governmental funds		$ 13,439,230
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Cost of capital assets	$ 62,248,446	
Accumulated depreciation	(18,044,164)	44,204,282
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Certificates of Participation	17,846,852	
Accrued compensated absences	205,757	
Accrued interest payable	165,215	(18,217,824)
Total net position - governmental activities		$ 39,425,688

See accompanying notes to financial statements.

BLUE VALLEY RECREATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	Employee Benefits	Total Governmental Funds
Revenues:			
Taxes	$ 11,363,581	$ 830,471	$ 12,194,052
Charges for services	7,048,751	-	7,048,751
Grants and contributions	11,500	-	11,500
Investment income	255,845	-	255,845
Other local sources	122,962	-	122,962
Total revenues	18,802,639	830,471	19,633,110
Expenditures:			
Current:			
Culture and recreation:			
Personnel	6,060,003	1,514,430	7,574,433
Contractual	2,004,697	-	2,004,697
Commodities	1,645,930	-	1,645,930
Capital outlay	3,549,153	-	3,549,153
Debt service:			
Principal payment	1,970,000	-	1,970,000
Interest expense	711,617	-	711,617
Total expenditures	15,941,400	1,514,430	17,455,830
Excess (deficiency) of revenues over (under) expenditures	2,861,239	(683,959)	2,177,280
Other financing sources:			
Sale of general capital assets	17,025	-	17,025
Net change in fund balance	2,878,264	(683,959)	2,194,305
Fund balance, beginning of year	9,690,493	1,554,432	11,244,925
Fund balance, end of year	$ 12,568,757	$ 870,473	$ 13,439,230

See accompanying notes to financial statements.

BLUE VALLEY RECREATION COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances - governmental funds		$ 2,194,305
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 3,549,153	
Depreciation expense	(1,366,783)	2,182,370
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, disposals, donations) is to decrease net position.		(769)
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		99,846
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		1,970,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(4,321)
Accrued interest payable		20,287
Changes in net position of governmental activities		$ 6,461,718

See accompanying notes to financial statements.

BLUE VALLEY RECREATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
For the Year Ended June 30, 2023

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Original and Final Budget	Variances with Final Budget
Revenues:					
Taxes	$ 11,363,581	$ -	$ 11,363,581	$ 10,983,913	$ 379,668
Charges for services	7,048,751	59,244	7,107,995	7,015,181	92,814
Grants and contributions	11,500	(11,500)	-	-	-
Investment revenue	255,845	-	255,845	25,000	230,845
Other local sources	122,962	1,010	123,972	35,500	88,472
Total revenues	18,802,639	48,754	18,851,393	18,059,594	791,799
Expenditures:					
Current:					
Culture and recreation:					
Personnel	6,060,003	(46,559)	6,013,444	6,238,121	(224,677)
Contractual	2,004,697	113,612	2,118,309	2,205,587	(87,278)
Commodities	1,645,930	(16,869)	1,629,061	1,834,634	(205,573)
Capital outlay	3,549,153	2,380,165	5,929,318	5,964,095	(34,777)
Debt service:					
Principal payment	1,970,000	-	1,970,000	1,970,000	-
Interest expense	711,617	-	711,617	713,125	(1,508)
Total expenditures	15,941,400	2,430,349	18,371,749	18,925,562	(553,813)
Excess (deficiency) of revenues over (under) expenditures	2,861,239	(2,381,595)	479,644	(865,968)	1,345,612
Other financing sources:					
Sale of general capital assets	17,025	-	17,025	-	17,025
Net change in fund balances	2,878,264	(2,381,595)	496,669	$ (865,968)	$ 1,362,637
Fund balance, beginning of year	9,690,493	(543,317)	9,147,176		
Fund balance, end of year	$ 12,568,757	$ (2,924,912)	$ 9,643,845		

See accompanying notes to financial statements.

BLUE VALLEY RECREATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
EMPLOYEE BENEFITS FUND
For the Year Ended June 30, 2023

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Original and Final Budget	Variances with Final Budget
Revenues:					
Taxes	$ 830,471	$ -	$ 830,471	$ 817,935	$ 12,536
Expenditures:					
Current:					
Culture and recreation:					
Personnel	1,514,430	(3,475)	1,510,955	2,177,355	(666,400)
Excess (deficiency) of revenues over (under) expenditures	(683,959)	3,475	(680,484)	$ (1,359,420)	$ 678,936
Fund balance, beginning of year	1,554,432	19,621	1,574,053		
Fund balance, end of year	$ 870,473	$ 23,096	$ 893,569		

See accompanying notes to financial statements.

1 - Summary of Significant Accounting Policies

The financial statements of Blue Valley Recreation Commission (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies of the Commission are described below.

Reporting Entity

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission. The effect of interfund activity has been removed from these statements. All activities of the Commission are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to recipients of direct benefits from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. The Commission has no nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, includes property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means the balance is collectible within the current period, or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments which are recorded when payment is due. Proceeds of general long-term debt are reported as other financing sources and uses.

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

The Commission reports the following major governmental funds:

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

Employee Benefits Fund, which is used to account for employee benefits paid by the Commission.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the finance department. Each fund’s equity in the pool is included in "cash and investments" in the financial statements. These pooled deposits and investments consist of operating accounts and certificates of deposit which are recorded at cost because they are not affected by market rate changes. The Commission also invests in U.S. government securities and U.S. treasury bills, which are recorded at fair value.

Property Taxes

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than $ 750. Commission capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Commission are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	50 years
Furniture	10 years
Vehicles	15 years
Equipment	5 years

Compensated Absences

The executive director and all regular employees are allowed paid vacation leave at various rates each year based upon time in service with a maximum amount of vacation time allowed of 160 hours.

- Regular part-time employees are allowed paid vacation leave pro-rata based on full-time allowances.
- Full-time employees with less than 5 years of service are allowed 80 hours of vacation each year.
- Full-time employees with 5 to 10 years of service are allowed 120 hours of vacation each year.
- Full-time employees with greater than 10 years of service are allowed 160 hours of vacation each year.

Amounts accrued for vacation leave are reported on the statement of net position.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts are deferred and amortized over the life of the debt using a method that approximates the effective interest method. Certificates of Participation are reported net of the applicable premium or discount.

Net Position

The Commission's net position is classified as follows:

Net investment in capital assets – This represents the Commission's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted – This includes resources that are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted – This includes resources derived from charges for services, property taxes, other local sources, and interest. The resources are used for transactions relating to the cultural and recreation operations of the Commission and may be used at the discretion of the board to meet current expenses in accordance with approved budgets.

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

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2023, fund balances for governmental funds are made up of the following:

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Assigned fund balance includes amounts intended to be used by the Commission for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Commission or (b) a body or official to whom the Commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the following order: restricted, assigned, and unassigned.

Use of Estimates

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

Pending GASB Statements

At June 30, 2023, the GASB had issued several statements not yet implemented by the Commission. The statements that might impact the Commission are as follows:

GASB Statement No. 99, *Omnibus 2022* - The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance by the Commission. The requirements related to leases, PPPs, and SBITAs are effective in the current year. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Commission in the fiscal year ended June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement will become effective for the Commission in the fiscal year ended June 30, 2024.

GASB Statement No. 101, *Compensated Absences* - The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement will become effective for the Commission in the fiscal year ended June 30, 2025.

2 - Budgetary Basis of Accounting

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The Commission had no budget amendments for the year ended June 30, 2023.

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 budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is required for the General Fund and Employee Benefits Fund.

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

	General Fund	Employee Benefits Fund
GAAP basis fund balances, June 30, 2023	$ 12,568,757	$ 870,473
Adjustments:		
Encumbrances	(4,036,563)	-
Unearned revenue	887,954	-
Accrued payroll	308,669	23,096
Accounts receivable	(6,264)	-
Less:		
Fund balance of nonbudgeted funds:		
Donor restricted projects	(78,708)	-
Total adjustments	(2,924,912)	23,096
Budgetary basis fund balances, June 30, 2023	$ 9,643,845	$ 893,569

3 - Cash 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 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 adequate 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.

Custodial credit risk – deposits and investments. In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Statutes require that deposits be entirely covered with 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. State statutes require investments to be adequately secured. At June 30, 2023, the Commission's deposits and investments were not exposed to custodial credit risk.

K.S.A. 12-1675 limits the Commission's investments of idle funds to time deposits, open accounts, certificates of deposit, repurchase agreements, the State of Kansas Municipal Investment Pool, and U.S. treasury bills and notes. At June 30, 2023 and throughout the year then ended, the Commission's cash and investments included certificates of deposit, U.S. treasury bills, Federal Home Loan discount notes, and

cash deposits. The credit rating for the U.S. treasury bills and the U.S. government securities at June 30, 2023 is AA+ (Standards & Poors). Investment earnings are recorded in the General Fund.

Some of the Commission's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation, repurchase agreements collateralized by direct obligations of the United States government or any agency thereof, investment agreements with a financial institution, which at the time of investment are rated in either of the three highest rating categories by Moody's Investors Service or Standard and Poors Corporation, investments in shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or Federal Home Loan Mortgage Corporation, receipts evidencing ownership interests in securities or portions thereof in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation, and municipal bonds or other obligations issued by a municipality of the State of Kansas. K.S.A. 10-131 prohibits investment in derivatives.

Fair value measurement. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2023, the U.S. treasury bills were valued based on identical assets in an active market (Level 1) and the U.S. government securities were valued with significant other observable inputs (Level 2).

Interest rate risk. Interest rate risk is the risk that changes in the interest rate may adversely affect the investment's fair value. The Commission does not have a policy to address interest rate risk. The Commission is not exposed to significant interest rate risk.

As of June 30, 2023, maturities of the Commission's investments, which are measured at fair value, are as follows:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government securities:					
Federal National Mortgage Association	$ 746,760	$ 746,760	$ -	$ -	$ -
Federal Home Loan Bank	491,600	491,600	-	-	-
Federal Home Loan Mortgage Corporation	496,225	496,225	-	-	-
U.S. treasury bills	7,936,098	7,936,098	-	-	-
Total	$ 9,670,683	$ 9,670,683	$ -	$ -	$ -

Concentration of credit risk. The Commission's investment policy does not place any limitations on the percentage of the Commission's total investments that may be with any one issuer. Kansas statutes indirectly prohibit such a limitation, as local banks must be given preference on each investment of idle funds.

4 - Related Party Transaction

The Commission has entered into certain agreements with Blue Valley Unified School District No. 229 (the District). The Commission paid the District approximately $ 516,000 for the rental of gyms and fields for the year ended June 30, 2023.

5 - Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Commission Governmental Activities:				
Nondepreciable capital assets:				
Construction in progress	$ 1,545,315	$ 2,694,000	$ (2,915,958)	$ 1,323,357
Depreciable capital assets:				
Computer equipment	717,441	124,406	(57,837)	784,010
Program equipment	321,146	140,057	(7,177)	454,026
Sports complex	2,728,575	-	-	2,728,575
School facilities	172,295	-	-	172,295
Office furniture and equipment	26,834	4,753	(5,126)	26,461
Field and maintenance equipment	652,583	116,941	(12,000)	757,524
Concessions equipment	6,104	4,832	-	10,936
Vehicles	386,764	44,807	-	431,571
Maintenance facility/west parking lot expansion	1,917,649	397,042	-	2,314,691
Miller's Woods complex and sports complex	14,599,832	1,274,882	-	15,874,714
Indoor aquatic facility	4,904,254	-	-	4,904,254
North fields and maintenance facility	7,764,172	1,219,832	-	8,984,004
Concessions	1,347,363	-	-	1,347,363
Miscellaneous equipment	97,459	79,301	-	176,760
Activity center	2,384,264	318,550	-	2,702,814
Hilltop recreation center	19,209,383	45,708	-	19,255,091
Totals at historical cost	58,781,433	6,465,111	(2,998,098)	62,248,446
Less accumulated depreciation for:				
Computer equipment	507,444	100,579	(57,837)	550,186
Program equipment	237,538	53,782	(7,177)	284,143
Sports complex	1,423,972	54,572	-	1,478,544
School facilities	84,945	3,446	-	88,391
Office furniture and equipment	4,930	2,921	(4,357)	3,494
Field and maintenance equipment	578,542	39,967	(12,000)	606,509
Concessions equipment	2,322	1,704	-	4,026
Vehicles	214,927	18,609	-	233,536
Maintenance facility/west parking lot expansion	858,458	42,323	-	900,781
Miller's Woods complex and sports complex	5,946,102	304,745	-	6,250,847
Indoor aquatic facility	1,323,966	98,085	-	1,422,051
North fields and maintenance facility	2,095,689	167,482	-	2,263,171
Concessions	93,446	26,947	-	120,393
Miscellaneous equipment	295,589	19,291	-	314,880
Activity center	976,822	47,685	-	1,024,507
Hilltop recreation center	2,114,060	384,645	-	2,498,705
Total accumulated depreciation	16,758,752	1,366,783	(81,371)	18,044,164
Governmental activities capital assets, net	$ 42,022,681	$ 5,098,328	$ (2,916,727)	$ 44,204,282

The costs of certain capital assets listed above including the sports complex, activity center, and Hilltop recreation center were financed through Certificates of Participation Series 2014A, 2014B, and 2015.

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

Culture and recreation	$ 1,366,783

6 - Long-Term Liabilities

Long-term liabilities consist of the following:

Series	Date Issued	Final Maturity	Original	Outstanding	Interest Rates
Certificates of Participation:					
2014A Series	December 18, 2014	October 1, 2025	$ 8,819,719	$ 2,712,196	2.00% - 5.00%
2014B Series	December 18, 2014	October 1, 2025	4,606,041	1,401,648	2.00%
2015 Series	June 16, 2015	October 1, 2035	18,614,628	13,733,008	3.00% - 5.00%
			$ 32,040,388	$ 17,846,852	

The Commission has entered into lease agreements as a lessee through the issuance of the Certificates listed above for financing the construction of major capital facilities (See Note 5). These lease agreements qualify as financed purchases.

During the year ended June 30, 2023, the following changes occurred in the long-term liabilities of the Commission:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Certificates of Participation	$ 19,215,000	$ -	$ 1,970,000	$ 17,245,000
Bond premiums	701,698	-	99,846	601,852
	$ 19,916,698	$ -	$ 2,069,846	$ 17,846,852

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

Year Ended June 30,	Principal, including bond premiums	Interest
2024	$ 2,144,846	$ 620,750
2025	2,249,846	533,175
2026	2,324,846	458,975
2027	940,231	403,025
2028	975,231	365,925
2029 - 2033	5,431,157	1,254,325
2034 - 2036	3,780,695	225,400
	$ 17,846,852	$ 3,861,575

7 - Defined Contribution Pension Plan

The Commission administers a 457(b) defined contribution pension plan available to its employees. Employees are eligible to participate in the payroll period immediately preceding the later of age 18 or the first day of the month after thirty days of employment. Plan compensation is determined by W-2 wages. The Commission has the discretion to make matching contributions to an employee's account based on the contributions the employee has made to the 457(b) plan. The Commission matches each dollar the employee contributes up to a maximum of 7% of their pay.

Employer matching contributions are subject to the following vesting schedule:

Years of Employment	Vested Percentage
Less than 2	0%
2	25%
3	50%
4	75%
5 or more	100%

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

For the year ended June 30, 2023, the Commission recognized pension expense of $ 222,561. There were no plan forfeitures for the year ended June 30, 2023.

8 - Contingencies

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets: errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

Encumbrances

The Commission uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At June 30, 2023, the Commission's recorded encumbrances in governmental funds were as follows:

General	$ 4,036,563

Construction Commitments

The Commission has various capital projects that are on going at year end. The projects' approved contracts and cumulative expenditures as of June 30, 2023 are as follows:

	Approved Contracts	Cumulative Expenditures
Sports Center - Main Core Improvement - Phase 3 and 4	$ 179,000	$ 72,554
Sports Field Improvements	121,840	74,555
North Field Facilities Project	379,195	45,857
Main Parking Phase 1	818,479	793,294
Main Parking Phase 2	662,809	8,765
Streamway Project	202,187	515
Recreation Center Project	117,560	-
Activity Center - Design Build Pool Pak	1,729,110	327,817
	$ 4,210,180	$ 1,323,357

9 - Tax Abatements

Tax revenues for the Commission are impacted by property tax abatements authorized by outside governmental entities. Specifically, the City of Overland Park, Kansas has authorized property tax

abatements in the amount of approximately $ 62,500 that reduced the Commission's tax revenue for the fiscal year ending June 30, 2023.

10 - Subsequent Events

The Commission has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements are available to be issued.