Rolla Recreation Commission

Rolla, Kansas

For the Year Ended June 30, 2021

Rolla Recreation Commission
Rolla, Kansas
Financial Statement
For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rolla Recreation Commission
Rolla, Kansas 67954

We have audited the accompanying summary statement of receipts, expenditures, and unencumbered cash of the Rolla Recreation Commission as of and for the year ended June 30, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. 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 the auditor's 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 to the financial statement, the financial statement is prepared by the Rolla 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 of 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 Rolla Recreation Commission as of June 30, 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 balance of the Rolla Recreation Commission as of June 30, 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 and 2, as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide.* Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Rolla Recreation Commission as of and for the year ended June 30, 2020 (not presented herein), and have issued our reported thereon dated August 27, 2020, 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: http://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 June 30, 2020 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 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 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 June 30, 2020, on the basis of accounting described in Note 1.

Dirks, Anthony & Duncan LLC

DIRKS, ANTHONY & DUNCAN, LLC
Certified Public Accountants

September 16, 2021

Rolla Recreation Commission
Rolla, Kansas
Summary of Receipts, Disbursements and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds:	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
General Fund:						
General Fund	$ 39,692	$ 135,099	$ 141,433	$ 33,358	$ 8,563	$ 41,921
Special Purpose Fund:						
Employee Benefits	18,853	4,895	4,784	18,964	299	19,263
Total Component Unit	$ 58,545	$ 139,994	$ 146,217	$ 52,322	$ 8,862	$ 61,184

Composition of Cash	
Checking Account	$ 49,005
Investments	12,179
Total Composition of Cash	$ 61,184

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

ROLLA RECREATION COMMISSION
Notes to the Financial Statement
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

The Rolla Recreation Commission is authorized by K.S.A. 12-1925 under an agreement with Unified School District No. 217, Rolla, Kansas to provide a system of public recreation. The governing body of the Rolla Recreation Commission Board ("Recreation Commission") has four members appointed by the USD No. 217 board. The Recreation Commission Board operates as a separate governing body, but USD No. 217 levies the taxes for the Recreation Commission and the Recreation Commission has only the powers granted by K.S.A. 12-1928. This financial statement consists of all the funds of the Rolla Recreation Commission.

b) Regulatory Basis Fund Types

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

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

c) Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

d) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, Kansas Department of Administration and Interpretation by legal repetition of the Municipality.

There were statute violations were noted for the year ending June 30, 2021.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

Concentration of Credit Risk. State statutes place no limit on the amount the Recreation Commission may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk- Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Recreation Commission's deposits may not be returned to it. State statutes require the Recreation Commission's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2021.

On June 30, 2021, the Recreation Commission’s carrying amount of deposits was $61,184 and the bank balance was $66,624. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

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

NOTE 4 – LONG-TERM DEBT

Changes in long-term liabilities for the Recreation Commission for the year ended June 30, 2021 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year
General Obligation Bonds								
Pool - Interest Only	Various	4/1/2013	555,000	10/1/2022	$ 3,679	$ -	$ 2,380	$ 1,299
Total Long-Term Debt					$ 3,679	$ -	$ 2,380	$ 1,299

Current maturities of long-term debt are as follows:

	Year	
	2022	Total
General Obligation Bonds		
Pool - Interest Only	$ 1,299	$ 1,299
Total Interest	$ 1,299	$ 1,299

NOTE 5 – SUBSEQUENT EVENTS

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

On January 30, 2020, the World Health Organization (WHO) declared the coronavirus outbreak, aka COVID-19, a "Public Health Emergency of International Concern." The coronavirus was elevated to pandemic on March 10, 2020. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the entire United States economy. It is unknown how long these conditions will last and what the complete financial effect will be to the municipality.

Rolla Recreation Commission

Rolla, Kansas

Regulatory Required Supplementary Information

SCHEDULE 1

Rolla Recreation Commission
Rolla, Kansas
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021

Funds:	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
General Fund:					
General Fund	$ 136,391	$ 37,495	$ 173,886	$ 141,433	$ (32,453)
Special Purpose Fund:					
Employee Benefits	16,894		16,894	4,784	(12,110)

SCHEDULE 2-1

Rolla Recreation Commission
Rolla, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
County Appropriations	$ 119,337	$ 81,000	$ 84,754	$ (3,754)
Concession/Program Revenue	12,107	14,909	3,000	11,909
Grants	4,396	37,495	-	37,495
Miscellaneous	12,069	1,576	6,500	(4,924)
Interest on Idle Funds	217	119	50	69
Total Receipts	148,126	135,099	$ 94,304	$ 40,794
Expenditures				
Salaries	47,183	54,094	45,000	9,094
Utilities	16,707	15,923	17,500	(1,577)
Concessions	7,862	5,744	5,000	744
Interest Paid	3,310	2,380	2,380	-
Contract Labor	13,191	8,935	12,500	(3,565)
Other Activities	9,752	21,621	10,000	11,621
Capital Outlay	43,419	22,286	29,011	(6,725)
Insurance	12,252	10,450	15,000	(4,551)
Legal General Fund Budget	153,676	141,433	136,391	5,042
Adjustment for Qualifying Budget Credits			37,495	(37,495)
Total Expenditures	153,676	141,433	$ 173,886	(32,453)
Receipts Over (Under) Expenditures	(5,551)	(6,334)		$ 35,752
Unencumbered Cash, July 1	45,243	39,692		
Unencumbered Cash, June 30	$ 39,692	$ 33,358		

Rolla Recreation Commission
Rolla, Kansas
Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
County Appropriations	$ 5,000	$ 4,895	$ 1,500	$ 3,395
Total Receipts	5,000	4,895	$ 1,500	$ 3,395
Expenditures				
Insurance	4,907	1,002	7,500	(6,498)
Employer Tax	3,835	3,782	9,394	(5,612)
Total Expenditures	8,742	4,784	$ 16,894	(12,110)
Receipts Over (Under) Expenditures	(3,742)	111		$ 15,505
Unencumbered Cash, July 1	22,595	18,853		
Unencumbered Cash, June 30	$ 18,853	$ 18,964		